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RICHARD A. MARSHACK

8

9 UNITED STATES BANKRUPTCY COURT

10 CENTRAL DISTRICT OF CALIFORNIA – SANTA ANA DIVISION

11 In re

12 NORTHERN HOLDING, LLC,

13 Debtor.

Case No. 8:20-bk-13014-MW

Chapter 7

CHAPTER 7 TRUSTEE'S OPPOSITION
TO MOTION FOR RELIEF FROM STAY
FILED BY BANK DIRECT CAPITAL
FINANCE; DECLARATION OF
RICHARD A. MARSHACK IN SUPPORT

Date: August 4, 2021

Time: 9:00 a.m.

Ctrm: 6C¹

Address: 411 W. Fourth Street, Santa Ana,
CA 92701

19 TO THE HONORABLE MARK S. WALLACE, UNITED STATES BANKRUPTCY JUDGE, THE
20 OFFICE OF THE UNITED STATES TRUSTEE, AND ALL INTERESTED PARTIES:

21 Richard A. Marshack, in his capacity as Chapter 7 Trustee (“Trustee”) of the Bankruptcy
22 Estate (“Estate”) of Northern Holding, LLC (“Debtor”), opposes the motion (“Motion”) for relief
23 from the automatic stay filed by Bank Direct Capital Finance (“Bank” or “Movant”), regarding
24 various insurance policies providing valuable insurance coverage to the Debtor. In support of this
25 opposition, the Trustee respectfully represents as follows:

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27

28 ¹ As of July 19, 2021, hearings may be in-person with notice to the Court. Otherwise, appearances
are allowed through CourtCall pursuant to the Court's procedures.

1 **1. Summary of Opposition**

2 Bank seeks relief from the automatic stay to terminate the Debtor's insurance policies, which
3 premiums were financed through Bank. The policies were purchased through a broker at the request
4 of the pre-conversion Debtor's principal, and Bank is the premium finance lender. Although Bank
5 has only been paid one months' payment on the premium finance contract, the appropriate remedy
6 for Bank is not to seek relief from stay to immediately cancel the insurance policies and collect on
7 the unearned premiums within the first two months of the Trustee's administration. Similar to the
8 motion for relief from stay filed by Adler Belmont Group ("Broker"), the Bank cannot carry its
9 burden to show that the policies are of inconsequential value and benefit to the Estate, and the
10 motion should be denied for lack of good cause pursuant to 11 U.S.C. § 362(d). To the extent that
11 the policies continue to provide value and benefit to the Estate, Bank is entitled to an administrative
12 priority expense claim.

13 **2. Procedural Background**

14 Debtor is the title owner of a number of real properties, which can be divided into two
15 separate groups: (1) the Live Oak Property which contains a 7,500 square-foot luxury residence (Mr.
16 Russell, his spouse, and adult children reside at the Live Oak Property) which is located within a
17 160-acre vineyard property; and (2) the San Marcos Property and the Texas Road Property which are
18 adjoining properties consisting of approximately 360 acres of land suitable for vineyards and include
19 a 45,000 square foot wine production facility which is permitted to process over 400,000 cases of
20 wine per year. The Properties and substantially all assets of the Debtor are encumbered by a blanket
21 lien in favor of Farm Credit West, FCLA, which is owed around \$20 million.

22 LeRoy M. Codding ("Mr. Codding") is the principal of the Debtor.

23 On October 28, 2020, Debtor filed a voluntary petition under Chapter 11 of Title 11 of the
24 United States Code. Mr. Codding signed the petition as the Debtor's managing member.

25 On February 16, 2021, as Dk. No. 60, the Office of the United States Trustee ("OUST") filed
26 a motion to dismiss or convert the case for cause pursuant to 11 U.S.C. § 1112(b).

27

28

1 From February to June 2021, Broker assisted the Debtor to procure five insurance policies
2 for Rabbit Ridge Wine Sales and Debtor (which was named as an additional insured on the policies),
3 described as follows:

4 1) Insurer: American Empire Surplus Lines Insurance Co.
5 Policy No.: CPPE69708000²
6 Type: Commercial Property Insurance
7 2) Insurer: Travelers Property Casualty Company of America
8 Policy No.: BME1-1S904470-TIL-21³
9 Type: Equipment Breakdown Insurance
10 3) Insurer: Navigators Insurance Company
11 Policy No.: SF21CARZ0L501⁴
12 Type: Wine Stock STP Insurance
13 4) Insurer: Admiral Insurance Company
14 Policy No.: CA00004156801⁵
15 Type: General Liability Insurance
16 5) Insurer: Admiral Insurance Company
17 Policy No.: GX00000426701⁶
18 Type: Excess Liability Insurance

19 Collectively, these five policies shall be referred to as the “Policies.” It appears that the principal
20 insured party on the Policies is Rabbit Ridge, and the Policies may cover assets in excess of what is
21 actually needed to protect the Estate (such as the equipment breakdown insurance or the wine stock
22 insurance, because those will insure inventory and interruptions in operations).

23
24 ² A true and correct copy of the commercial property insurance policy is attached to the Declaration of
25 Richard A. Marshack (“Marshack Declaration”) as Exhibit “1.”

26 ³ A true and correct copy of the equipment breakdown insurance policy is attached to the Marshack
27 Declaration as Exhibit “2.”

28 ⁴ No copy of the wine stock STP insurance was received by the Trustee.

27 ⁵ A true and correct copy of the general liability insurance policy is attached to the Marshack Declaration as
28 Exhibit “3.”

26 ⁶ A true and correct copy of the excess liability insurance policy is attached to the Marshack Declaration as
27 Exhibit “4.”

1 The insurance premiums were financed in the amount of \$91,310.73 in addition to an initial
2 down payment of \$52,067.32. The insurance premium finance company is BankDirect Capital
3 Finance. A true and correct copy of the insurance premium finance agreement for the Policies is
4 attached to the Marshack Declaration as Exhibit “5.”

5 On May 27, 2021, Mr. Codding deposited a check into Broker’s trust account in the amount
6 of the down payment. The check bounced on June 3, 2021. However, before the check failed to
7 clear, the policies had been issued and payment had been made from Broker’s trust account on
8 account of the down payment. Additionally, Broker (and, it seems, the Bank) takes the position that
9 material misstatements were made in the insurance questionnaire filled out by Mr. Codding in
10 connection with the procurement of insurance.

11 On June 15, 2021, as Dk. No. 116, the Court entered an order converting the case to Chapter
12 7. Richard A. Marshack (previously defined as “Trustee”) was appointed as Chapter 7 trustee.

13 On July 6, 2021, as Dk. No. 130, Broker filed a motion for relief from the automatic stay
14 seeking relief from stay to cancel the Policies (“Broker Relief Motion”).

15 On July 20, 2021, as Dk. No. 145, Bank filed its own motion for relief from the automatic
16 stay seeking relief from stay to cancel the Policies and collect the unearned premiums on the Policies
17 (“Motion”). The Motion was set for hearing on shortened time, with opposition briefs due on August
18 2, 2021 by 5:00 p.m.⁷

19 At the hearing on August 2, 2021 for the Broker Relief Motion, the Broker Relief Motion
20 was denied with prejudice.

21 **3. Legal Argument**

22 “On request of a party in interest and after notice and a hearing, the court shall grant relief
23 from the stay provided under subsection (a) of this section, such as by terminating, annulling,
24 modifying, or conditioning such stay –

25
26
27 ⁷ The Trustee apologizes for the late filing. Prior to 5PM, and based on the Court’s comments at the
28 9 a.m. hearing on the Broker Relief Motion, the Trustee sought a stipulated continuance of the
hearing rather than to litigate this issue. Unfortunately, there appeared not to be sufficient time to
coordinate a stipulated continuance.

1 (1) for cause, including the lack of adequate protection of an interest in property of such
2 party in interest;
3 (2) with respect to a stay of an act against property under subsection (a) of this section, if–
4 (A) the debtor does not have an equity in such property; and
5 (B) such property is not necessary to an effective reorganization.”
6 11 U.S.C. § 362(d)(1)-(2). Also, “[i]n any hearing under subsection (d) or (e) of this section
7 concerning relief from stay ... the party requesting such relief has the burden of proof on the issue of
8 the debtor’s equity in property.” 11 U.S.C. § 362(g)(1).

9 **A. The Policies are property of the Estate.**

10 Property of the estate includes “all legal or equitable interests of the debtor in property as of
11 the commencement of the case.” 11 U.S.C. § 541(a). “The scope of section 541 is broad, and
12 includes causes of action.” *Sierra Switchboard Co. v. Westinghouse Electric Corp.*, 789 F.2d 705,
13 707 (9th Cir. 1986); *Maria Vista Estates v. Mi Nipomo, LLC (In re Maria Vista Estates)*, 2017
14 Bankr. LEXIS 493 at *18 (B.A.P. 9th Cir. 2017). Insurance policies for which the debtor is an
15 insured party are property of the estate to which the automatic stay applies. *See, e.g., In re Minoco*
16 *Group of Companies*, 799 F.2d 517, 519 (9th Cir. 1986) (“[C]ancellation of the insurance policies ...
17 was automatically stayed by section 362(a)(3).”). Specifically, an insurance policy is property of the
18 estate “if the debtor’s estate is worth more with them than without them.” *Pintlar Corp. v. Fidelity &*
19 *Casualty Co. (In re Pintlar Corp.)*, 124 F.3d 1310, 1313 (9th Cir. 1997) (citing *Minoco*); *see also In*
20 *re Computer Communications*, 824 F.2d 725, 729 (9th Cir. 1987) (“This court has held that
21 insurance contracts are embraced in the statutory definition of ‘property.’”). In the *Minoco* case, the
22 insurance companies terminated a directors and officers policy postpetition without seeking relief
23 from the automatic stay. On appeal, the Ninth Circuit held that this cancellation of the insurance
24 policy was a violation of the automatic stay. *Minoco* has never been overruled or disagreed with in
25 this circuit: “the Ninth Circuit has determined that a debtor’s insurance policies are property of the
26 estate.” *Groshong v. Sapp (In re MILA, Inc.)*, 423 B.R. 537, 542 (B.A.P. 9th Cir. 2010); *see also*
27 *Benz v. DTRIC Insurance Co. (In re Benz)*, 368 B.R. 861, 865-66 (B.A.P. 9th Cir. 2010) (discussing
28 that cancellation of an insurance policy violates the automatic stay).

1 Here, the Policies constitute property of the bankruptcy estate. As explained below, the
2 coverage provided under the Policies is valuable and enhances the value of the Estate. As such,
3 pursuant to the reasoning of *Minoco* and *Pintlar, supra*, the Policies are property of the Estate.

4 **B. The Policies provide valuable insurance coverage to the Estate and**
5 **are not valueless – and the Bank has not proven otherwise in its**
6 **motion.**

7 Maintenance of adequate insurance in bankruptcy cases is a requirement from the United
8 States Trustee. The Policies provide the following coverage amounts:

9 1) Commercial property (fire): \$14,410,000 with \$25k/\$100k deductible
10 2) Equipment Breakdown: \$14,410,000 per breakdown
11 3) Wine stock STP: unknown, policy not provided (although no coverage for Estate assets is
12 anticipated for this policy)
13 4) General liability policy: \$5,000,000 per occurrence and aggregate
14 5) Excess liability policy: \$1,000,000 per occurrence, \$2,000,000 aggregate

15 The Policies, especially the commercial property fire insurance policy, provide significant
16 benefit and value to the Estate. The cost of maintaining the existing insurance is to pay and keep
17 current the financed premium through the Bank, whereas replacement insurance cannot be
18 immediately procured and the Trustee is informed that seeking insurance in the middle of the
19 wildfire season may be significantly more expensive than the current policy amounts.

20 The Motion states that there is cause for relief from the automatic stay pursuant to 11 U.S.C.
21 § 362(d)(2)(A), because “the Debtor has no equity in the Property.” *See* Motion at pg. 4, ¶ 4(b). This
22 is incorrect because, as explained above, Debtor is a named additional insured on the Policies and
23 the Policies provide extremely valuable coverage for the most substantial assets of the Estate (such
24 as the Properties). Bank argues that Debtor has no equity in the Policies because . *Cf.* 11 U.S.C. §
25 362(g) (“In any hearing under subsection (d)... the party requesting such relief has the burden of
26 proof on the issue of the debtor’s equity in property.”). Thus, the Motion should be denied under
27 Section 362(d)(2) because the movant has failed to carry its burden of proof on the issue of the
28 Debtor’s equity in the Policies.

1 **C. The Bank is protected by an adequate equity cushion.**

2 “[I]t has in fact been held that the existence of an equity cushion alone can provide adequate
3 protection.” *In re Plaza Family Partnership*, 95 B.R. 166, 171 (E.D. Cal. 1989). “Although the
4 existence of a junior lien may be relevant in determining ‘equity’ under § 362(d)(2), it cannot be
5 considered in determining whether the interest of a senior lienholder is adequately protected.” *In re*
6 *Mellor*, 734 F.2d 1396, 1400-01 (9th Cir. 1984) (citing *La Jolla Mortgage Fund v. Rancho El Cajon*
7 *Associates*, 18 B.R. 283, 289 (Bankr. S.D. Cal. 1982) (Creditor “is only entitled to have its secured
8 claim adequately protected, not those of junior claim holders.”)). “The claims of junior lienholders
9 are not considered in determining whether the senior lienholder is adequately protected.” *Plaza*
10 *Family*, 95 B.R. at 171. A 20% equity cushion “has been held to be an adequate protection for a
11 secured creditor.” *Mellor*, 734 F.2d at 1401.

12 Bank is secured, by the terms of the premium finance agreement, by the unearned premiums
13 on the Policies. As of the filing of the Motion on July 20, 2021, the unearned premiums equaled
14 \$106,431.05, and the total claim by Bank against the Policies totaled \$85,454.74 – equity of
15 \$20,976.31, which is 19.71% of the total value of the collateral. *See Motion at pg. 8, ¶¶ 9-10.*
16 However, the Bank claims, without supporting evidence, that the equity cushion “as of hearing date
17 of August 16, 2021” is \$0. Under paragraph 8 of the premium finance agreement, there is an
18 attorneys’ fee shifting clause, and the Bank has undoubtedly spent substantial attorneys’ fees in
19 preparing the Motion and communicating with the Trustee. Finally, the Bank claims that the value of
20 its collateral decreases by \$384.88 (rounded up to nearest cent) per day. *See Motion at pg. 9, ¶ 12.* At
21 this rate, it would take 55 days for the Bank to become undersecured by the unearned premiums,
22 assuming no additional charges.

23 Nonetheless, it is Bank’s burden of proof to show a lack of equity in this proceeding.
24 According to the evidence submitted in connection with the Motion, there is no good cause to grant
25 relief from stay because of the 19.71% equity cushion in the Bank’s collateral, and the Motion
26 should be denied for lack of good cause. To the extent that the Court determines upon submission of
27 appropriate evidence that there is a lack or diminishing equity cushion, the Court should not grant
28 relief from stay without giving the Trustee sufficient time to procure replacement insurance.

1 **D. To the extent the Court determines a lack of adequate protection, the**
2 **Court should issue an adequate protection order allowing the**
3 **Trustee sufficient time to procure replacement insurance.**

4 “When adequate protection is required under section 362, 363, or 364 of this title of an
5 interest of an entity in property, such adequate protection may be provided by –

6 (1) requiring the trustee to make a cash payment or periodic cash payments to such
7 entity, to the extent that the stay under section 362 of this title, use, sale, or lease under
8 section 363 of this title, or any grant of a lien under section 364 of this title results in a
9 decrease in the value of such entity’s interest in such property;

10 (2) providing to such entity an additional or replacement lien to the extent that such
11 stay, use, sale, lease, or grant results in a decrease in the value of such entity’s interest in
such property; or

12 (3) granting such other relief, other than entitling such entity to compensation
13 allowable under section 503(b)(1) of this title as an administrative expense, as will result in
14 the realization by such entity of the indubitable equivalent of such entity’s interest in such
15 property.”

16 11 U.S.C. § 361.

17 The Trustee has reviewed the movants’ (Broker and Bank) concerns regarding whether the
18 Policies will provide illusory coverage to the Estate due to the alleged misrepresentations and/or
19 fraud by Mr. Codding in connection with the procurement of the Policies in the first place, and is
20 also informed that the bundled Policies provide coverage in excess of what is necessary for the
21 Estate. This may be because the Debtor is an additional insured on the Policies, while the primary
22 insured is Rabbit Ridge. Nonetheless, the Trustee is in the process of seeking to procure replacement
23 insurance which is appropriately tailored to benefit the Estate, and started this process shortly after
24 the Motion was filed. The Trustee is currently waiting on his insurance broker to give him a quote
25 from insurance underwriters. In the event that the Court finds any good cause related to the
diminishing value of the Bank’s collateral, the Trustee requests that the Court either grant a two-
week continuance of the hearing or to issue an adequate protection order where the Trustee may
preserve the Policies by making a cash payment within a two-week period so that the Trustee can
continue seeking replacement insurance to protect the Estate.

26 **4. Conclusion**

27 The Motion should be denied for lack of good cause. Bank has not proven that there is a lack
28 of equity in the Policies, which provide valuable coverage for the Estate. However, if the Court finds

1 that the alleged diminishment in value of the Policies provides good cause to order adequate
2 protection, the Trustee respectfully requests that he be given sufficient time to procure replacement
3 insurance so that the Estate is not left unprotected.

4

5 DATED: August 2, 2021

MARSHACK HAYS LLP

6 By: /s/ *Tinho Mang*
7 D. EDWARD HAYS
8 TINHO MANG
9 Attorneys for Chapter 7 Trustee
10 RICHARD A. MARSHACK

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Declaration of Richard A. Marshack

I, RICHARD A. MARSHACK, declare and state as follows:

3 1. I am the Chapter 7 trustee (“Trustee”) for the bankruptcy estate (“Estate”) of
4 Northern Holding, LLC (“Debtor”).

5 2. I am an individual over 18 years of age and competent to make this declaration.

6 3. I have personal knowledge of the matters set forth in this Declaration, and if called
7 upon to do so I could and would competently testify to these facts. All terms not otherwise defined
8 herein are used as they are defined in the opposition above.

9 4. A true and correct copy of the commercial property insurance policy is attached as
10 Exhibit "1."

11 5. A true and correct copy of the equipment breakdown insurance policy is attached as
12 Exhibit "2."

13 6. A true and correct copy of the general liability insurance policy is attached as Exhibit
14 "3."

15 7. A true and correct copy of the excess liability insurance policy is attached as Exhibit
16 “4.” Collectively, these five policies described in Exhibits 1-4 in addition to the fifth policy which I
17 have not received a copy of shall be referred to as the “Policies.”

18 8. A true and correct copy of the premium finance agreement for the Policies is attached
19 as Exhibit "5."

20 9. I am informed and believe that the Policies provide valuable insurance coverage to
21 the Estate and should not be cancelled.

22 10. I am in the process of seeking to procure replacement insurance for the Policies and
23 to the extent necessary to protect Estate assets. I am informed that some of the Policies may provide
24 coverage in excess of what is necessary to protect the Estate.

25 11. The Estate cannot risk any period of time where it is uninsured or where the insurance
26 lapses. Shortly after the Bank's motion was filed, I began the process of seeking to procure
27 replacement insurance which would appropriately protect the Estate. I have submitted the required
28 information to my insurance broker and am waiting for a quote to be provided to me.

1 12. I respectfully request that if the Court is not inclined to deny the Motion outright, that
2 I be provided sufficient time to procure replacement insurance to protect the Estate and to ensure that
3 the insurance coverage never lapses for the Estate, either through a continuance of the hearing or
4 providing in any order regarding the Motion that there be a certain (minimum two-week) period of
5 time where I may choose to make a certain payment amount to preserve the Policies and coverage
6 thereunder.

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8 I declare under penalty of perjury that the foregoing is true and correct. Executed on August
9 2, 2021. 

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RICHARD A. MARSHACK

Exhibit 1

IMPORTANT NOTICE:

- 1. The insurance policy that you are applying to purchase is being issued by an insurer that is not licensed by the State of California. These companies are called “nonadmitted” or “surplus line” insurers.**
- 2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.**
- 3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.**
- 4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or “surplus line” broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC’s internet website at www.naic.org. The NAIC—the National Association of Insurance Commissioners—is the regulatory support organization created and governed by the chief insurance regulators in the United States.**
- 5. Foreign insurers should be licensed by a state in the United States and you may contact that state’s department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.**

6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on the NAIC's International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or "surplus line" broker to obtain more information about that insurer.

7. California maintains a "List of Approved Surplus Line Insurers (LASLI)." Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance: www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm.

8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were

required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker's fee charged for this insurance will be returned to you.

D-2 (Effective January 1, 2020)

EXHIBIT 1

PAGE 14



A DELAWARE STOCK COMPANY: ADMINISTRATIVE OFFICES, CINCINNATI, OHIO

Standard Fire Insurance Policy

MEMBER OF GREAT AMERICAN INSURANCE GROUP

SL 0276 (3/13)

EXHIBIT 1

PAGE 15

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.


Sue C. Erhart
Secretary

SL 0276 (3/13)


Mark
President

EXHIBIT 1
PAGE 16

(Attach Declarations, Schedules, and Endorsements Here)

**General Service of Suit Endorsement
(Not Applicable in Delaware or Pennsylvania)**

Pursuant to any statute of any state or district of the United States of America that makes provision therefor, the Insurer hereby designates the commissioner, superintendent or director of insurance or other officer specified for that purpose in the statute and his or her successors in office and duly authorized deputies in the state where this policy is issued, as the Insurer's true and lawful attorney for service of legal process in any action, suit or proceeding brought in the state where this policy is issued by or on behalf of an insured or beneficiary against the Insurer arising out of the insurance issued under this policy. Any legal process received by such attorney for service of legal process shall be forwarded, except as provided below, to the attention of: Sue Erhart, General Counsel, Great American Insurance Company, 301 East Fourth Street, Cincinnati, Ohio 45202.

In California, any legal process received by the Insurer's statutory attorney for service of process shall be forwarded to the attention of: Jere Keprios, The CT Corporation System, 818 West Seventh Street, Los Angeles, California 90017.

In the District of Columbia, any legal process received by the Insurer's statutory attorney for service of process shall be forwarded to CT Corporation System, 1015 15th Street, NW, Suite 1000, Washington, DC 20005.

In Maine, the Insurer hereby designates CT Corporation System as its attorney for service of legal process in any action relating to this policy, and directs that all such legal process be mailed to: CT Corporation System, One Portland Square, Portland, Maine 04101.

In Oregon, the Insurer and the insured policyholder hereby agree to waive the provisions of Oregon Insurance Code Section 735.490 requiring that service of legal process in any action relating to this policy shall be served on the insurance agent who registered or delivered this policy, and instead agree that such service of legal process be mailed directly to Sue Erhart, General Counsel, Great American Insurance Company, 301 East Fourth Street, Cincinnati, Ohio 45202.

In Rhode Island, the Insurer hereby designates CT Corporation System as its attorney for service of legal process in any action relating to this policy, and directs that all such legal process be mailed to: CT Corporation System, 10 Weybosset Street, Providence, Rhode Island 02903.

The foregoing designations of attorney for service of legal process upon the Insurer shall not constitute a waiver of the Insurer's rights to remove, remand, dismiss or transfer any suit or proceeding from any court, or to commence any suit or other proceeding in any court of competent jurisdiction.

**Special Service of Suit Endorsement
(Use in Delaware and Pennsylvania)**

It is agreed that in the event of the failure of the Insurer hereon to pay any amount claimed to be due hereunder, the Insurer hereon, at the request of the Insured (or reinsured), will submit to the jurisdiction of any court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court.

It is further agreed that service of process in such suit may be made upon the Insurance Commissioner of the state in which this policy is issued and that in any suit instituted under this contract the Insurer will abide by the final decision of such court or of any appellate court in the event of an appeal.

The Insurance Commissioner of the state in which this policy is issued is authorized and directed to accept service of process on behalf of the Insurer in any such suit and/ or upon the request of the Insured or (reinsured) to give a written undertaking to the Insured (or reinsured) that it will enter a general appearance upon the Insurer's behalf in the event such a suit shall be instituted.

A true copy of any legal process served upon the Insurance Commissioner shall be forwarded to the attention of: Sue Erhart, General Counsel, American Empire Surplus Lines Insurance Company, 301 East Fourth Street, Cincinnati, Ohio 45202.

Further, pursuant to any statute of any state, territory or district of the United States of America which makes provision therefor, the Insurer hereon hereby designates the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute or his or her successor or successors in office, as the true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured (or reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance) and hereby designates the above named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

The foregoing designation of attorney for service of legal process upon the Insurer shall not constitute a waiver of its rights to remove, remand, dismiss or transfer any suit or proceeding from any court, or to commence any suit or other proceeding in any court of competent jurisdiction.



American Empire Surplus Lines Insurance Company

A Delaware Stock Company: Administrative Offices, Cincinnati, Ohio
Great American Tower - 25N
301 E 4th Street
Cincinnati, Ohio 45202

Policy No.
CPPE697080-00

**Standard Fire Insurance
Declarations**

Named Insured & Mailing Address

Rabbit Ridge Wine Sales, Inc.
13217 Jamboree Rd. Suite 429
Tustin, CA 92782

Policy Period: From: 4/15/2021 To: 4/15/2022

12:01 A.M. Standard Time at the mailing address shown above

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS AND CONDITIONS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

Limits of Insurance

Total Limit Amount: \$14,410,000

Total Insured Value: \$14,410,000

Deductible: \$25k except \$100,000 Wildfire Deductible

Coverages Provided and Location Information

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN

See attached schedule of Coverages Provided and Location Information

Mortgage Holders

See attached schedule of Mortgage Holder information.

Premium

Premium: \$79,300.00

Total Premium: \$79,300.00

Inspection Fee: \$750.00

In the event of cancellation of this policy the company shall receive and retain not less than \$27,755.00 as the Minimum Earned Premium.

CA Surplus Lines Tax & Fee Breakdown

Premium:	\$	79,300.00
Inspection Fee:	\$	750.00
3% State Tax:	\$	2,401.50
.250% Stamping Fee:	\$	200.13
Broker Fee:	\$	800.00



American Empire Surplus Lines Insurance Company

A Delaware Stock Company: Administrative Offices, Cincinnati, Ohio
Great American Tower - 25N
301 E 4th Street
Cincinnati, Ohio 45202

Policy No.
CPPE697080-00

Forms and Endorsements Schedule

Forms and Endorsements forming a part of the policy at the time of issuance:

Coverage Forms:

CP0010 (10/12) - Bldg and Personal Property Coverage Form
CP0030 (10/12) - Business Income Coverage with Extra Exp
CP0090 (07/88) - Commercial Property Conditions
CP1030 (09/17) - Causes Of Loss-Special Form
IL7324 (08/12) - Economic and Trade Sanctions Clause
SL0276 (03/13) - Standard Fire Insurance Policy Jacket

Exclusion Forms:

CP0175 (07/06) - Loss due to Virus or Bacteria Exclusion
CP1075 (12/20) - Cyber Incident Exclusion
IL0995 (01/07) - Conditional Exclusion of Terrorism (Relating to Disposition of Federal Terrorism Risk Insurance Act)
IL0996 (01/07) - Conditional Exclusion of Terrorism involving Nuclear, Biological or Chemical Terrorism
SL0455 (06/18) - Exclusion Pre-Existing Damage
SL0521 (08/01) - Property Absolute Mold, Spores, or Fungus Exclusion
SL0542B (01/08) - Nuclear, Biological, Chemical, or Radiological Exclusion

Other Forms:

CP0320 (04/18) - Multiple Deductible Form
CP0411 (09/17) - Protective Safeguards
CP1036 (10/12) - Limitations On Coverage For Roof Surfacing
CP1270 (09/96) - Joint/Disputed Loss Agreement
CP1420 (11/91) - Additional Prop Not Covered
D-2 (01/17) - California Notice
IL0935 (07/02) - Certain Computer- Related Losses
IL0985 (01/08) - Disclosure Pursuant to Terrorism Risk Insurance Act
IL7268 (09/09) - In Witness Clause
RSP7106 (02/20) - Limitation - Roof Covering - Actual Cash Value (Older than 15 Years)
SDM526 (10/13) - Privacy Notice and Notice of Insurance Information Practices
SL0457 (12/04) - Minimum Earned Premium Endorsement
SL0529 (02/10) - Compliance With U.S. Economic Sanctions Laws
SL0537 (02/10) - Notice

EXHIBIT 1

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American Empire Surplus Lines Insurance Company

A Delaware Stock Company: Administrative Offices, Cincinnati, Ohio
Great American Tower - 25N
301 E 4th Street
Cincinnati, Ohio 45202

Policy No.
CPPE697080-00

Coverages Provided and Location Information

Premises Number	Building Number	Location
1	3	1172 San Marcos Road Paso Robles, CA 93446

Coverage	Prem. #	Bldg. #	Limit Of Insurance	Covered Cause Of Loss	Coinsurance	Valuation
Bldg	1	1	\$9,800,000	Special	80.00%	Replacement Cost
BPP	1	1	\$800,000	Special	80.00%	Replacement Cost
BI	1	1	\$750,000	Special	100.00%	Actual Loss Sustained
Bldg	1	2	\$30,000	Special	80.00%	Replacement Cost
Bldg	1	3	\$30,000	Special	80.00%	Replacement Cost
Permanently Attached Equipment	1	1	\$3,000,000	Special	80.00%	Replacement Cost

EXHIBIT 1



American Empire Surplus Lines Insurance Company

A Delaware Stock Company: Administrative Offices, Cincinnati, Ohio
Great American Tower - 25N
301 E 4th Street
Cincinnati, Ohio 45202

Policy No.
CPPE697080-00

Mortgage Holder Schedule

Premises Number	Building Number	Mortgagee	Comments
1	1	Farm Credit West, FLCA P.O. Box 1449 Templeton, CA 93465	

EXHIBIT 1



American Empire Surplus Lines Insurance Company

A Delaware Stock Company: Administrative Offices, Cincinnati, Ohio
Great American Tower - 25N
301 E 4th Street
Cincinnati, Ohio 45202

Policy No.
CPPE697080-00

Schedule of Named Insured

Erich Russell & Joanne Russell
Joanne Russell DBA Olive Diva
Northern Holding, LLC
Serrano
The Rabbit Hole

EXHIBIT 1

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H. Definitions**.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

- a. Building**, meaning the building or structure described in the Declarations, including:
 - (1) Completed additions;
 - (2) Fixtures, including outdoor fixtures;
 - (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
 - (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
 - (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

(1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

(a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;

(b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;

(c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

- (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
- (e) Remove deposits of mud or earth from the grounds of the described premises;
- (f) Extract "pollutants" from land or water; or
- (g) Remove, restore or replace polluted land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
- (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.

(4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
(\$10,000 is 20% of \$50,000.)	

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3)**.

Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)**, because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph **(4)**. Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1)** While it is being moved or while temporarily stored at another location; and
- (2)** Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1)** Assumed by contract or agreement prior to loss; or
- (2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
 - (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

(4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a)** Your new buildings while being built on the described premises; and
- (b)** Buildings you acquire at locations, other than the described premises, intended for:
 - (i)** Similar use as the building described in the Declarations; or
 - (ii)** Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

(a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i)** Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
- (ii)** Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

(b) This Extension does not apply to:

- (i)** Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii)** Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a)** This policy expires;
- (b)** 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c)** You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.

(4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or

(5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

f. Non-owned Detached Trailers

- (1)** You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a)** The trailer is used in your business;
 - (b)** The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c)** You have a contractual responsibility to pay for loss or damage to the trailer.
- (2)** We will not pay for any loss or damage that occurs:
 - (a)** While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b)** During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3)** The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4)** This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Business Personal Property Temporarily In Portable Storage Units

- (1)** You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.
- (2)** If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3)** Coverage under this Extension:
 - (a)** Will end 90 days after the business personal property has been placed in the storage unit;
 - (b)** Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4)** Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5)** This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

$$\begin{array}{r} \$ 60,100 \\ - 250 \\ \hline \$ 59,850 \end{array}$$

Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

$$\$59,850 + \$80,000 = \$139,850$$

Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
	(Exceeds Limit of Insurance plus Deductible)
Loss to Building 2:	\$ 90,000
	(Exceeds Limit of Insurance plus Deductible)
Loss Payable – Building 1:	\$ 60,000
	(Limit of Insurance)
Loss Payable – Building 2:	\$ 80,000
	(Limit of Insurance)
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- (1) We have reached agreement with you on the amount of loss; or
- (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
- (ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

- (1) We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:
 - (a) Vandalism;
 - (b) Sprinkler leakage, unless you have protected the system against freezing;
 - (c) Building glass breakage;
 - (d) Water damage;
 - (e) Theft; or
 - (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d. and e. below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.

c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

d. Glass at the cost of replacement with safety-glazing material if required by law.

e. Tenants' Improvements and Betterments at:

- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
- (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property. Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example 1 (Underinsurance)

When: The value of the property is: \$ 250,000
The Coinsurance percentage for it is: 80%
The Limit of Insurance for it is: \$ 100,000
The Deductible is: \$ 250
The amount of loss is: \$ 40,000

Step (1): $250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example 2 (Adequate Insurance)

When: The value of the property is: \$ 250,000
The Coinsurance percentage for it is: 80%
The Limit of Insurance for it is: \$ 200,000
The Deductible is: \$ 250
The amount of loss is: \$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$250,000 x 80%). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b.** If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example 3

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	<u>\$ 75,000</u>
	\$ 250,000

The Coinsurance percentage for it is: 90%

The Limit of Insurance for Buildings and Personal Property

at Locations 1 and 2 is:	\$ 180,000
The Deductible is:	\$ 1,000
The amount of loss is:	
Building at Location 2:	\$ 30,000
Personal Property at Location 2:	<u>\$ 20,000</u>
	\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a.** The term mortgageholder includes trustee.
- b.** We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c.** The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

- d.** If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (1)** Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2)** Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3)** Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e.** If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1)** The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2)** The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f.** If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1)** 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2)** 30 days before the effective date of cancellation if we cancel for any other reason.

- g.** If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example

If: The applicable Limit of Insurance is: \$ 100,000
The annual percentage increase is: 8%
The number of days since the beginning of the policy year (or last policy change) is: 146
The amount of increase is:
$$\$100,000 \times .08 \times 146 \div 365 = \$ 3,200$$

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;

- (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.
- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1)** Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2)** Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a.** Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b.** Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.

c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1)** Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2)** The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
- (2) When your Civil Authority Coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

- (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
- (ii) 60 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

- (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
- (ii) 60 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1)** Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.
- (2)** Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation – Interruption Of Computer Operations does not apply based on Paragraph **A.4.d.** therein.
- (3)** With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
 - (a)** If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b)** If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
 - (c)** If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.

- (d)** The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4)** The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

- (5)** This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in **(4)** above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;

(2) 30 days expire after you acquire or begin to construct the property; or

(3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6)** Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7)** Cooperate with us in the investigation or settlement of the claim.
- (8)** If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b.** We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a.** The amount of Business Income loss will be determined based on:
 - (1)** The Net Income of the business before the direct physical loss or damage occurred;
 - (2)** The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3)** The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4)** Other relevant sources of information, including:
 - (a)** Your financial records and accounting procedures;
 - (b)** Bills, invoices and other vouchers; and
 - (c)** Deeds, liens or contracts.
- b.** The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

- (a)** The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
- (b)** Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1)** Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- (2)** Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d.** If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a.** We have reached agreement with you on the amount of loss; or
- b.** An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form **CP 15 11** is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form **CP 15 10** is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Instead, we will determine the most we will pay using the following steps:

Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;

Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and

Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;

Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 150,000
The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 200,000

The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$400,000 x 50%). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

- (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
- (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

- (1) The Limit of Insurance, multiplied by
- (2) The fraction shown in the Declarations for this Optional Coverage.

Example

When: The Limit of Insurance is: \$ 120,000

The fraction shown in the Declarations for this Optional Coverage is: 1/4

The most we will pay for loss in \$ 30,000

each period of 30 consecutive days is:

$(\$120,000 \times 1/4 = \$30,000)$

If, in this example, the actual amount of loss is:

Days 1–30:	\$ 40,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	\$ 90,000

We will pay:

Days 1–30:	\$ 30,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

a. To activate this Optional Coverage:

(1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":

- (a) During the 12 months prior to the date of the Work Sheet; and
- (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.

(2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

- (a) The Coinsurance percentage shown in the Declarations; multiplied by
- (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

b. The Additional Condition, Coinsurance, is suspended until:

(1) 12 months after the effective date of this Optional Coverage; or

(2) The expiration date of this policy; whichever occurs first.

c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

(1) Within 12 months of the effective date of this Optional Coverage; or

(2) When you request a change in your Business Income Limit of Insurance.

d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

(1) The Business Income Limit of Insurance; divided by

(2) The Agreed Value.

Example

When: The Limit of Insurance is: \$ 100,000
The Agreed Value is: \$ 200,000
The amount of loss is: \$ 80,000

Step (1): $\$100,000 \div \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph **A.5.c., Extended Business Income**, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

3. "Period of restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down, of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

5. "Rental Value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

b. Continuing normal operating expenses incurred in connection with that premises, including:

(1) Payroll; and

(2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

6. "Suspension" means:

- a.** The slowdown or cessation of your business activities; or
- b.** That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY
AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section G. Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in (5)(a), (5)(b) and (5)(c), all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

(1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

(2) Mudslide or mudflow;

(3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

(4) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings; or

(5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

b. Delay, loss of use or loss of market.

c. Smoke, vapor or gas from agricultural smudging or industrial operations.

d.(1) Wear and tear;

- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.

h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

j. Rain, snow, ice or sleet to personal property in the open.

k. Collapse, including any of the following conditions of property or any part of the property:

- (1) An abrupt falling down or caving in;
- (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, k., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.

I. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, I., does not apply to damage to glass caused by chemicals applied to the glass.

m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph **B.1.a.** Ordinance Or Law;
- (b) Paragraph **B.1.c.** Governmental Action;
- (c) Paragraph **B.1.d.** Nuclear Hazard;
- (d) Paragraph **B.1.e.** Utility Services; and
- (e) Paragraph **B.1.f.** War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

- (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
- (2) Business Income Coverage or Extra Expense Coverage.

- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (2) Changes in or extremes of temperature;
 - (3) Disease;
 - (4) Frost or hail; or
 - (5) Rain, snow, ice or sleet.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):
 - a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:
 - a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
 - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does not apply to:
 - a. A building or any part of a building that is in danger of falling down or caving in;
 - b. A part of a building that is standing, even if it has separated from another part of the building; or
 - c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:
 - a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.

6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:

- If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- Loss or damage must be caused by or result from one of the following causes of loss:
 - Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

G. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
 - c. Water damage means:
 - (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and

- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.



Administrative Offices
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THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.

ECONOMIC AND TRADE SANCTIONS CLAUSE

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance.

EXHIBIT 1

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

However, this exclusion does not apply to loss or damage caused by or resulting from fungus. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER INCIDENT EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

**A. The following exclusion is added to Paragraph B.
Exclusions:**

We will not pay for loss or damage caused directly or indirectly by the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Cyber Incident

1. Unauthorized access to or use of any computer system (including electronic data).
2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system (including electronic data) and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system (including electronic data) or otherwise disrupt its normal functioning or operation.
3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

B. Exceptions And Limitations

1. Fire Or Explosion

If a cyber incident as described in Paragraphs A.1. through A.3. of this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

2. Additional Coverage

The exclusion in Paragraph A. does not apply to the extent that coverage is provided in the:

- a. Additional Coverage – Electronic Data; or
- b. Additional Coverage – Interruption Of Computer Operations.

3. Electronic Commerce Endorsement

The exclusion in Paragraph A. does not apply to the Electronic Commerce (E-Commerce) endorsement when attached to your policy.

C. Vandalism

The following is added to Vandalism, if Vandalism coverage is not otherwise excluded under the Standard Property Policy or the Causes Of Loss – Basic, Broad or Special Forms and if applicable to the premises described in the Declarations:

Vandalism does not include a cyber incident as described in Paragraph A.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO
DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN PROTECTION COVERAGE FORM
FARM COVERAGE PART
SELECT BUSINESS POLICY
STANDARD PROPERTY POLICY

Schedule

The Exception Covering Certain Fire Losses (paragraph D.) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:	
State(s)	Coverage Form, Coverage Part or Policy
CA, CT, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, PA, RI, VA, WA, WI, WV	Commercial Property
CA, ME, MO, OR, WI	Commercial Inland Marine

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Applicability of the Provisions of This Endorsement

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your Policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your Policy begins.

a. the federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form, Coverage Part or Policy; or

b. a renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

- (1) increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
- (2) decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

(3) redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this Policy.

2. If the provisions of this endorsement become applicable, such provisions:

- supersede any terrorism endorsement already endorsed to this Policy that addresses "certified acts of terrorism" and/or "other acts of terrorism," but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and
- remain applicable unless we notify you of changes in these provisions, in response to federal law.

3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this Policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism," will continue in effect unless we notify you of changes to that endorsement in response to federal law.

B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

- that involve the following or preparation for the following:
 - use or threat of force or violence; or
 - commission or threat of a dangerous act; or
 - commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

2. when one or both of the following applies:

- the effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
- it appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

C. The following exclusion is added:

Exclusion of Terrorism

We will not pay for loss or damage caused directly or indirectly by "terrorism," including action in hindering or defending against an actual or expected incident of "terrorism." Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- the "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- the "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
- the total of insured damage to all types of property in the United States, its territories and possessions, Puerto Rico and Canada exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terror-

ism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions. Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold is exceeded.

With respect to this item **C.5.**, the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism," there is no coverage under this Coverage Form, Coverage Part or Policy.

D. Exception Covering Certain Fire Losses

The following exception to the **Exclusion of Terrorism** applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

E. Application of Other Exclusions

1. When the **Exclusion of Terrorism** applies in accordance with the terms of **C.1.** or **C.2.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War and Military Action Exclusion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN PROTECTION COVERAGE FORM
FARM COVERAGE PART
SELECT BUSINESS POLICY
STANDARD PROPERTY POLICY

Schedule

The Exception Covering Certain Fire Losses (paragraph D.) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:	
State(s)	Coverage Form, Coverage Part or Policy
CA, CT, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, PA, RI, VA, WA, WI, WV	Commercial Property
CA, ME, MO, OR, WI	Commercial Inland Marine

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Applicability of the Provisions of This Endorsement

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1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your Policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your Policy begins.

a. the federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Form, Coverage Part or Policy; or

b. a renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:

- (1) increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
- (2) decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

(3) redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this Policy.

2. If the provisions of this endorsement become applicable, such provisions:

- supersede any terrorism endorsement already endorsed to this Policy that addresses "certified acts of terrorism" and/or "other acts of terrorism," but only with respect to loss or damage from an incident(s) of terrorism (however defined) that occurs on or after the date when the provisions of this endorsement become applicable; and
- remain applicable unless we notify you of changes in these provisions, in response to federal law.

3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this Policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism," will continue in effect unless we notify you of changes to that endorsement in response to federal law.

B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.

"Terrorism" means activities against persons, organizations or property of any nature:

- that involve the following or preparation for the following:
 - use or threat of force or violence; or
 - commission or threat of a dangerous act; or
 - commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

2. when one or both of the following applies:

- the effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
- it appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

C. The following exclusion is added:

Exclusion of Terrorism

We will not pay for loss or damage caused directly or indirectly by "terrorism," including action in hindering or defending against an actual or expected incident of "terrorism." Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- the "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- the "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

D. Exception Covering Certain Fire Losses

The following exception to the **Exclusion of Terrorism** applies only if indicated and as indicated in the Schedule of this endorsement.

If "terrorism" results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

E. Application of Other Exclusions

1. When the **Exclusion of Terrorism** applies in accordance with the terms of **C.1.** or **C.2.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War and Military Action Exclusion.

THIS ENDORSEMENT RESTRICTS COVERAGE PROVIDED BY YOUR POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – PRE-EXISTING DAMAGE

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

A. CAUSES OF LOSS – SPECIAL FORM, B. Exclusions is amended to add the following:

i. Pre-Existing Damage

- (1) Replacement or repair of the damaged portion of the insured property that existed at the inception of this policy.
- (2) Any loss or damage directly or indirectly caused by, resulting from or contributed to by any pre-existing building damage at the time of this policy's inception.

The above exclusion is removed upon:

- (i) The completion of all building repairs; and
- (ii) Written evidence, signed by a licensed general contractor, stating that such building repairs are completed.

This endorsement does not change any other provision of the Policy.



**American Empire Surplus
Lines Insurance Company**

NAMED INSURED

Rabbit Ridge Wine Sales, Inc.

ENDORSEMENT NO.

TO POLICY NO.

CPPE697080-00

EFFECTIVE DATE

ADDITIONAL PREMIUM \$

PRODUCER

AmWINS/Worldwide Facilities,
LLC - CA (4705)

RETURN PREMIUM \$

Property Absolute Mold, Spores, or Fungus Exclusion

The following clauses are added to this policy and take precedence over any other wording contained in this policy.

This policy does not apply to any loss or damage caused by or resulting from the actual or threatened existence, growth, release, transmission, migration, dispersal, or exposure to "mold", "spores", or "fungus."

"Mold", "spores", or "fungus" means any mold, spores, or fungus of any type that can cause or threaten physical damage, deterioration, loss of use or loss of value or marketability, to any tangible property whatsoever. This includes, but is not limited to, any type(s) of mold, spores, or fungus that are damaging or potentially damaging to tangible property.

Nor does this policy apply to the cost of removal, disposal, decontamination or replacement of Insured property which has been contaminated by mold, spores, or fungus and by law or civil authority must be restored, disposed of, or decontaminated.

Any such loss described above is excluded regardless of any other cause of event that contributed concurrently or in any sequence to the loss.



NAMED INSURED Rabbit Ridge Wine Sales, Inc.

**American Empire Surplus
Lines Insurance Company**

ENDORSEMENT NO.

TO POLICY NO. CPPE697080-00

EFFECTIVE DATE

ADDITIONAL PREMIUM

PRODUCER AmWINS/Worldwide Facilities,
LLC - CA (4705)

RETURN PREMIUM

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY.

NUCLEAR, BIOLOGICAL, CHEMICAL, or RADIOLOGICAL EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL INLAND MARINE POLICY
COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL MULT-LINE POLICY

The following exclusion is added:

A. Nuclear, Biological, Chemical, or Radiological Exclusion

Notwithstanding any other provision of this policy, we will not pay for any loss or damage caused, directly or indirectly, in whole or in part, by any of the following, regardless of any other cause(s) or event(s) that may contribute concurrently or in any other sequence to the loss or damage:

1. Any actual, attempted, suspected, or threatened use of any "NBCR material" as part of any plan, effort, or design, actually or apparently intended to cause any:
 - a. loss or damage to any tangible or intangible property, or
 - b. "bodily injury" or emotional distress.
2. Any actual, attempted, suspected, or threatened presence, spread,

dissemination, release, escape, or distribution of any "NBCR material" as a direct or indirect result of any actual, attempted, suspected, or threatened plan, effort, or design, actually or apparently intended to cause any:

- a. loss or damage to any tangible or intangible property, or
- b. "bodily injury" or emotional distress.

However, if a hostile fire results, directly or indirectly, from 1. or 2. above, we will not pay for any loss or damage from that fire. This is so, even if another exclusion in this Coverage Form, Coverage Part, or Policy also applies, and under that other exclusion we would pay for loss or damage from that fire.

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SL 0542B (01/08)

Authorized Representative

EXHIBIT 1

B. Definitions

The following definitions are added:

1. "NBCR material"

"NBCR material" means any nuclear, biological, chemical, or radiological material or substance that causes damage to property or is harmful to human health. "NBCR material" includes, but is not limited to:

1. any radioactive substance or material, and the radiation it releases,
2. any pathogen, bacterium, microbe, virus, or other organism,
3. any substance or material produced by or from any pathogen, bacterium, microbe, virus, or other organism, and
4. any poison, toxin, or other harmful chemical, substance, or material.
5. The foregoing list (1) through (4) is only illustrative, and should not be construed as a complete, exclusive, or exhaustive list of all "NBCR materials".

2. "Bodily injury"

"Bodily injury" includes any physical injury, disease, or death or any person.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**MULTIPLE DEDUCTIBLE FORM
(FIXED DOLLAR DEDUCTIBLES)**

This endorsement modifies insurance provided under the following: BUILDERS

RISK COVERAGE FORM

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM CONDOMINIUM
COMMERCIAL UNIT-OWNERS COVERAGE FORM STANDARD
PROPERTY POLICY
TOBACCO SALES WAREHOUSES COVERAGE FORM

SCHEDULE

The Deductibles applicable to any one occurrence are shown below:

Premises Number	Building Number	Deductible	Covered Cause(s) Of Loss*
1	All	\$25,000 \$100,000	1 Except Wildfire Deductible including Smoke, Soot or Ash Damage

*For each deductible listed in this Schedule, enter the number corresponding to the Covered Cause(s) of Loss to which that deductible applies (or enter the description):

- (1) All Covered Causes of Loss
- (2) All Covered Causes of Loss **except** Windstorm Or Hail
- (3) All Covered Causes of Loss **except** Theft
- (4) All Covered Causes of Loss **except** Windstorm Or Hail and Theft
- (5) Windstorm Or Hail
- (6) Theft

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following is added to the **Deductible** section:

- A. In the event that loss or damage occurs to Covered Property at more than one building location as a result of one occurrence, the largest applicable deductible for that Covered Cause of Loss, shown in the Schedule above or in the Declarations, will apply.
- B. The terms of this endorsement do not apply to any Windstorm Or Hail Percentage Deductible provided elsewhere in this policy.
- C. This policy does not cover Earthquake or Flood unless such causes of loss are added to the policy as covered causes of loss. If Earthquake and/or Flood are added to this policy as covered causes of loss, the terms of this endorsement do not apply to Earthquake or Flood and corresponding deductibles will be shown elsewhere in this policy and identified as such.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number	Protective Safeguards Symbols Applicable
1	All	P-9

Describe Any "P-9":

Active and functioning sprinkler system with 100% sprinkler coverage per NFPA 13.

Active and functioning hardwired smoke detectors in all units and common areas.

Active and functioning UL Approved Ansul System or Automatic Extinguishing System per NFPA 96 over all cooking surfaces with frying and or deep fat frying exposure equipped with automatic shutoff capabilities - subject to semi-annual outside professional service contract and quarterly outside professional service contract of ducts, hoods and filters.

No aluminum wiring, knob & tube wiring, Federal Pacific Stab-Lok, or Zinsco Panels present in any of the buildings.

Insured has at least 8 hydrants / standpipe hookups on site.

The entire facility is sprinkled including exterior walls and any portion of the roof that isn't pitched and tiled.

50,000 gallon water suppression tank located within 50 ft of the winery facility

30,000 gallon reverse osmosis tank

Currently tagged fire extinguishers throughout building.

Gates have fire box access

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. The following is added to the Commercial Property Conditions:

Protective Safeguards

As a condition of this insurance, you are required to:

1. Maintain the protective safeguards listed in the Schedule, and over which you have control, in complete working order;
2. Actively engage and maintain in the "on" position at all times any automatic fire alarm or other automatic system listed in the Schedule; and
3. Notify us if you know of any suspension of or impairment in any protective safeguard listed in the Schedule.

However, if part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of

sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

B. The following is added to the **Exclusions** section of:

Causes Of Loss - Basic Form

Causes Of Loss - Broad Form

Causes Of Loss -Special Form

Mortgageholders Errors And Omissions Coverage Form

Standard Property Policy

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you failed to comply with any condition set forth in Paragraph **A**.

C. The protective safeguards to which this endorsement applies are identified by the following symbols:

"P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

a. Any automatic fire protective or extinguishing system, including connected:

- (1) Sprinklers and discharge nozzles;
- (2) Ducts, pipes, valves and fittings;
- (3) Tanks, their component parts and supports; and
- (4) Pumps and private fire protection mains.

b. When supplied from an automatic fire protective system:

- (1) Non-automatic fire protective systems; and
- (2) Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

"P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

"P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.

"P-5" Automatic Commercial Cooking Exhaust And Extinguishing System installed on cooking appliances and having the following components:

- a. Hood;
- b. Grease removal device;
- c. Duct system; and
- d. Wet chemical fire extinguishing equipment.

"P-9", the protective system described in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATIONS ON COVERAGE FOR ROOF SURFACING

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number	Indicate Applicability (Paragraph A. and/or Paragraph B.)
1	All	B

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. The following applies with respect to loss or damage by a **Covered Cause of Loss (including wind and hail if covered)** to a building or structure identified in the Schedule as being subject to this Paragraph A.:

Replacement Cost coverage (if otherwise applicable to such property) does not apply to roof surfacing. Instead, we will determine the value of roof surfacing at actual cash value as of the time of loss or damage.

B. The following applies with respect to loss or damage by **wind and/or hail** to a building or structure identified in the Schedule as being subject to this Paragraph B.:

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail. For the purpose of this endorsement, cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

C. For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

JOINT OR DISPUTED LOSS AGREEMENT

This Endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

A. This endorsement is intended to facilitate payment of insurance proceeds when:

1. Both a boiler and machinery policy and this commercial property policy are in effect;
2. Damage occurs to Covered Property that is insured by the boiler and machinery policy and this commercial property policy; and
3. There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies.

B. This endorsement does not apply if:

1. Both the boiler and machinery insurer(s) and we do not admit to any liability; and
2. Neither the boiler and machinery insurer(s) nor we contend that coverage applies under the other insurer's policy.

C. The provisions of this endorsement apply only if all of the following requirements are met:

1. The boiler and machinery policy carried by the named insured, insuring the Covered Property, contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this endorsement;
2. The damage to the Covered Property was caused by a loss for which:
 - a. Both the boiler and machinery insurer(s) and we admit to some liability for payment under the respective policies; or
 - b. Either:
 - (1) The boiler and machinery insurer(s) does not admit to any liability for payment, while we contend that:
 - (a) All liability exists under the boiler and machinery policy; or
 - (b) Some liability exists under both the boiler and machinery policy and this commercial property policy;

(2) We do not admit to any liability for payment, while the boiler and machinery insurer(s) contends that:

- (a) All liability exists under this commercial property policy; or
- (b) Some liability exists under both the boiler and machinery policy and this commercial property policy; or

(3) Both the boiler and machinery insurer(s) and we:

- (a) Do not admit to any liability for payment; and
- (b) Contend that some or all liability exists under the other insurer's policy; and

3. The total amount of the loss is agreed to by you, the boiler and machinery insurer(s) and us.

D. If the requirements listed in Paragraph **C.** above are satisfied, we and the boiler and machinery insurer(s) will make payments to the extent, and in the manner, described as follows:

1. We will pay, after your written request, the entire amount of loss that we have agreed as being covered, if any, by this commercial property policy and one-half (1/2) the amount of the loss that is in disagreement.
2. The boiler and machinery insurer(s) will pay, after your written request, the entire amount of loss that they have agreed as being covered, if any, by the boiler and machinery policy and one-half (1/2) the amount of loss that is in disagreement.
3. Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs 1. and 2., do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.

4. The amount in disagreement to be paid by us under this endorsement shall not exceed the amount payable under the equivalent Loss Agreement(s) of the boiler and machinery policy.
5. The amount to be paid under this endorsement shall not exceed the amount we would have paid had no boiler and machinery policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations.
6. Acceptance by you of sums paid under this endorsement does not alter, waive or surrender any other rights against us.

E. Arbitration

1. If the circumstances described in Paragraph **C.2.a.** exist and the boiler and machinery insurer(s) and we agree to submit our differences to arbitration, the boiler and machinery insurer(s) and we will determine the amount each will pay and will pay the insured within 90 days. Arbitration will then take place within 90 days after payment of the loss under the terms of this endorsement.
2. If any of the circumstances described in Paragraph **C.2.b.** exist, then the boiler and machinery insurer(s) and we agree to submit our differences to arbitration within 90 days after payment of the loss under the terms of this endorsement.

3. You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, and another will be appointed by the boiler and machinery insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

F. Final Settlement Between Insurers

The insurer(s) found responsible for the greater percentage of the ultimate loss must return the excess contribution to the other insurer(s). In addition, the insurer(s) found responsible for the greater portion of the loss must pay Liquidated Damages to the other insurer(s) on the amount of the excess contribution of the other insurer(s). Liquidated Damages are defined as interest from the date the insured invokes this Agreement to the date the insurer(s) that contributed the excess amount is reimbursed. The interest is calculated at 1.5 times the highest prime rate from the Money Rates column of the Wall Street Journal during the period of the Liquidated Damages. Arbitration expenses are not a part of the excess contribution for which liquidated damages are calculated. Arbitration expenses will be apportioned between insurers on the same basis that the ultimate loss is apportioned.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL PROPERTY NOT COVERED

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY

The following is added to PROPERTY NOT COVERED if an "X" is shown in a box in the Schedule below:

SCHEDULE*		
Prem. No.	Bldg. No.	Description of Property
<input type="checkbox"/>		Awnings or canopies of fabric or slat construction, including their supports
<input type="checkbox"/>		Brick, metal, stone, or concrete chimneys or stacks not forming part of a building, or metal smokestacks
<input type="checkbox"/>		<u>Crop silos</u>
<input type="checkbox"/>		Swimming pools, diving towers or platforms
<input type="checkbox"/>		Waterwheels, windmills, wind pumps or their towers
<input type="checkbox"/>		The value of improvements, alterations or repairs (including labor, materials and supplies) being performed by_. This includes existing real property that will be demolished or permanently removed in the course of making the improvements, alterations or repairs.
<input type="checkbox"/>		Personal Property contained in safes or vaults
<input type="checkbox"/>		<u>Contents of crop silos</u>
<input type="checkbox"/>		Glass which is not part of a building or structure
<input type="checkbox"/>		Metals in ingots, pigs, billets, or scraps
<input type="checkbox"/>		Ores, gravels, clay, or sand
<input type="checkbox"/>		Property of others
<input type="checkbox"/>		<u>Property stored in open yards</u>
<input type="checkbox"/>		<u>Signs inside the premises</u>
<input type="checkbox"/>		<u>Vending machines or their contents</u>
<input type="checkbox"/>		Tenants improvements and betterments
<input type="checkbox"/>	1	All "STOCK" and INVENTORY

*Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

Prem. No.	Bldg. No.	Description of Property
<input type="checkbox"/>		Buildings or their contents in which any cooking is done, including restaurants and lunch rooms
<input type="checkbox"/>		Buildings or their contents used to repair tires or electric batteries except for buildings or their contents used for patching of tires and tubes
<input type="checkbox"/>		Buildings or their contents used to store or repair motor vehicles you do not own except for buildings or their contents used for occasional incidental repairs
<input type="checkbox"/>		Buildings used principally for storage, sales or repairing of appliances or heating devices or their parts
<input type="checkbox"/>		Petroleum products and other merchandise, including the contents of above or below ground tanks

NOTICE:

1. THE INSURANCE POLICY THAT YOU HAVE PURCHASED IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.
2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.
3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.
4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER 1-800-927-4357 OR INTERNET WEB SITE WWW.INSURANCE.CA.GOV. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC’S INTERNET WEB SITE AT WWW.NAIC.ORG.

California

5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE'S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

6. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC'S INTERNATIONAL INSURERS DEPARTMENT (IID) LISTING OF APPROVED NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR "SURPLUS LINE" BROKER TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: WWW.INSURANCE.CA.GOV.

8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER'S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

California
Page 2 of 2

EXHIBIT 1
PAGE 86

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.

- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1) Computer hardware, including microprocessors;
 - (2) Computer application software;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system; or
 - (6) Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:

- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
- 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

Terrorism Premium (Certified Acts) \$

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(s):

Additional information, if any, concerning the terrorism premium:

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

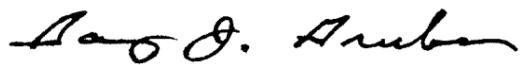
The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

In Witness Clause

In Witness Whereof, we have caused this Policy to be executed and attested, and, if required by state law, this Policy shall not be valid unless countersigned by our authorized representative.



President



Secretary

LIMITATION – ROOF COVERING – ACTUAL CASH VALUE (OLDER THAN 15 YEARS)

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

A. Section. Coverage, 1. Covered Property is amended to add the following:

Roof Covering – Actual Cash Value (Older than 15 Years)

For losses caused by the perils of wind or hail, "roof coverings" on Covered Property that were installed more than fifteen (15) years before the date of physical loss or damage, at the premises described in the Declarations E. Loss Conditions, 7. Valuation does not apply. We will determine the value of "roof coverings" on Covered Property that were installed more than fifteen (15) years before the date of physical loss or damage at actual cash value.

B. Section E. Loss Conditions, is amended to add the following:

Roof Covering Age Determination

The burden of proof in demonstrating the age is on the insured. Absent historical, documentary evidence establishing the "roof coverings" on Covered Property were installed less than fifteen (15) years before the date of physical loss or damage, physical loss or damage is paid at actual cash value.

C. Section H. DEFINITIONS, is amended to add the following:

"Roof covering" means:

1. Any roof material exposed to weather;
2. The underlays of any roof material exposed to weather which was applied for moisture protection; and
3. All flashings, gutters, or other metal work required in the replacement of a "roof covering" or roofing system.

This endorsement does not change any other provision of the policy.

EXHIBIT 1

**GREAT AMERICAN INSURANCE GROUP®
PRIVACY NOTICE
AND
NOTICE OF INSURANCE INFORMATION PRACTICES**

Great American Insurance Company
Great American Alliance Insurance Company
Great American Assurance Company
Great American Casualty Insurance Company
Great American Contemporary Insurance Company
Great American E & S Insurance Company
Great American Fidelity Insurance Company
Great American Insurance Company of New York
Great American Lloyd's Insurance Company
Great American Protection Insurance Company
Great American Security Insurance Company
Great American Spirit Insurance Company

American Empire Surplus Lines Insurance Company
American Empire Insurance Company
American Empire Underwriters, Inc.

Crop Managers Insurance Agency, Inc.
Dempsey & Siders Agency, Inc.
Eden Park Insurance Brokers, Inc.
Farmers Crop Insurance Alliance, Inc.
GAI Warranty Company
GAI Warranty Company of Florida
Great American Insurance Agency, Inc.
Great American Lloyd's, Inc.
Great American Professional Risk Insurance Services
High Seas Insurance Agencies
Premier Lease & Loan Services Insurance Agency, Inc.
Premier Lease & Loan Services of Canada, Inc.
Strategic Comp, L.L.C.
Strategic Comp Services, L.L.C.

The members of Great American Insurance Group ("Great American," including those companies listed in this Notice) respect your right to privacy.

We want you to know about our procedures for protecting your privacy and your rights and responsibilities regarding nonpublic personal information (referred to as "data" in this notice) we receive about you. We want you to understand how we gather data about you and how we protect it. The terms of this Notice apply to those individuals who inquire about or obtain insurance from Great American primarily for personal, family or household purposes.

We will provide our customers with a copy of the most recent notice of our privacy policy at least annually and more often if we make any changes affecting their rights under our privacy policy. This Notice applies to current and former customers of Great American.

Great American does not share your data except as allowed by law. As a result, you do not need to take any action under this Notice. If we change our practices in the future, we will advise you. If applicable, we will allow you to "opt-out" of certain sharing.

1. What kind of data is collected about you?

We get most of our data about you directly from you, such as your name, address, social security number, income level and certain other financial data. We collect data that you provide during the insurance application process and by other contact with you by mail and over the phone.

In some cases we may need additional data or may need to verify data you have given us. In those cases, we may obtain data from outside sources at our own expense. For instance, we may collect data from consumer reporting agencies such as credit worthiness and history or employment history. If you send a written request to the address below, we will inform you of the name and address of any agency we have used to prepare a report on you so that you can contact the agency.

Once you become our customer, we may collect data related to our experiences and transactions with you. This could include data such as insurance policy coverage, premiums and payment history, and any claims you make under your insurance policy. For example, we will retain data collected by a claims representative and police or fire reports.

We may also collect data about you from our affiliates regarding their transactions and experiences with you (such as your payment or claims history). We do not currently share other credit-related data, except as allowed or required by law.

Finally, we may collect data when you visit our website or when you email us. We do not sell this or any other data about you to anyone.

2. What do we do with data about you?

Data about you will be kept in our records. We may disclose data to issue and service policies and settle claims. Generally, we will not disclose data about you to any outside group without your prior authorization. However, we may, as allowed by law, share data that we collect as set forth below.

We may disclose data to your insurance agent.

We may disclose data to persons who represent you, including your attorney or trustee.

We may disclose data to adjusters, appraisers, auditors, investigators and attorneys.

We may disclose data to those who need the data to perform a business, professional or insurance function for us.

We may disclose data to other insurance companies, agents or consumer reporting agencies, in

connection with any insurance application, policy or claim involving you.

We may disclose data to medical providers to inform you of a medical condition of which you may not be aware and for claims payment purposes.

We may disclose data to others that conduct research, provided that no individual data may be identified in any research study report.

We may disclose data, other than health data, to others that perform marketing services on our behalf.

We may disclose data to our affiliated companies to market products to you and for other purposes. The law does not allow you to restrict this sharing.

We may disclose data to a court, state insurance department or other government agency pursuant to a summons, court order, search warrant, subpoena, or as otherwise required by law or regulation.

We will only disclose your health data in the following ways:

as allowed or required by law;

with your written consent;

to underwrite or administer your policy, claim or account; or

in a manner as previously disclosed to you by us when we collect your health data.

When we disclose your data to third parties for certain purposes described above, we will require them to use your data only for its intended purpose.

3. Who has access to your data?

The only people who have access to your data are those who need it to provide or support the provision of products or services to you. We use a system of passwords and other appropriate physical, electronic and procedural safeguards to protect against unauthorized access to your data. We have educated our employees about this Notice and the importance of customer privacy.

4. How can you review recorded data about you?

You have the right to access and inspect most of the data that we collect about you. To access your data please send a written request to the address below stating that you would like to access your data. Either you or your personal representative must sign this request and provide a copy of your driver's license or other valid photo identification. You also have the right to request that we correct any data that you believe is incorrect. To amend your data, please send us a written request, at the address below, stating what data you believe needs correcting. Once again, either you or your personal representative must sign this request. If you submit a request to amend your data, we will investigate. If we agree, we will correct our records. Even if we do not correct the data, you have the right to file with us a written statement of dispute, which we will include, in any future disclosure of the data.

If you have any questions about our privacy policy, please write to us at:

GREAT AMERICAN INSURANCE COMPANY
301 E 4th Street
Cincinnati, Ohio 45202-4201
Attn: Compliance Office - Privacy



NAMED INSURED

**American Empire Surplus
Lines Insurance Company**

ENDORSEMENT NO.

TO POLICY NO.

CPPE697080-00

EFFECTIVE DATE

ADDITIONAL PREMIUM \$

PRODUCER

AmWINS/Worldwide Facilities,
LLC - CA (4705)

RETURN PREMIUM \$

MINIMUM EARNED PREMIUM ENDORSEMENT

In the event of cancellation of this policy by the Insured, a minimum premium of 35% shall become earned; any conditions of the policy to the contrary notwithstanding.

Failure of the Insured to make timely payment of premium shall be considered a request by the Insured for the Company to cancel. In the event of such cancellation by the Company for nonpayment of premium the minimum premium shall be due and payable; provided, however, such nonpayment cancellation shall be rescinded if the Insured remits the full premium due within 10 days of receiving said cancellation notice.

In the event of any other cancellations by the Company the earned premium shall be computed prorata, and shall not be subject to said minimum premium.

All other terms and conditions remain unchanged.

TO OUR PRODUCERS AND POLICYHOLDERS

Compliance With U.S. Economic Sanctions Laws

Under various federal laws, the Office of Foreign Assets Control (OFAC), a division of the U.S. Department of the Treasury, administers and enforces economic sanctions against certain countries and groups of individuals, such as terrorists and narcotics traffickers.

These laws prohibit United States citizens, corporations, and others from engaging in virtually all business transactions with certain countries, entities and individuals designated on the list of Specially Designated Nationals and Blocked Persons (the SDN list).

Insurance companies, their agents and brokers are prohibited from making payments to anyone on the SDN list or those otherwise subject to U.S. Economic Sanction Laws. It is the intention of American Empire to do what is necessary to insure its compliance with all applicable federal laws and regulations relating to economic sanctions.

You can access the U.S. Department of the Treasury OFAC website at www.ustreas.gov/offices/enforcement/ofac/ for additional information or contact your legal counsel if you have any questions pertaining to this matter.

This communication is for informational purposes only. It is not intended to be an exhaustive treatment of the legal issues discussed, nor is it intended to furnish legal advice appropriate to any particular circumstances. This information is not intended to create and does not create an attorney-client relationship, and this information does not constitute an attorney-client communication.

NOTICE

This policy was underwritten and priced based upon information and data provided to the company by a licensed representative for the Insured.

SL 0537 (02/10)

EXHIBIT 1

PAGE 96

Exhibit 2



Report Claims Immediately by Calling*

1-800-238-6225

*Speak directly with a claim professional
24 hours a day, 365 days a year*

*Unless Your Policy Requires **Written** Notice or Reporting

COMMERCIAL INSURANCE

A Custom Insurance Policy Prepared for:

RABBIT RIDGE WINE SALES, INC.;
ERICH RUSSELL & JOANNE
13217 JAMBOREE RD., SUITE 429
TUSTIN CA 92782

Presented by: WORLDWIDE FACILITIES INS



One Tower Square, Hartford, Connecticut 06183

TRAVELERS CORP. TEL: 1-800-328-2189
WINERIES
COMMON POLICY DECLARATIONS
ISSUE DATE: 05/24/21
POLICY NUMBER: BME1-1S904470-TIL-21

INSURING COMPANY:
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

1. NAMED INSURED AND MAILING ADDRESS:
RABBIT RIDGE WINE SALES, INC.;
ERICH RUSSELL & JOANNE (AS PER IL T8 00)
13217 JAMBOREE RD., SUITE 429
TUSTIN, CA 92782
2. POLICY PERIOD: From 04/15/21 to 04/15/22 12:01 A.M. Standard Time at
your mailing address.
3. LOCATIONS
Premises Bldg.
Loc. No. No. Occupancy Address
SEE IL T0 03
4. COVERAGE PARTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:
EQUIPMENT BREAKDOWN PROTECTION DECLARATIONS EB T0 00 02 19 TIL
5. NUMBERS OF FORMS AND ENDORSEMENTS
FORMING A PART OF THIS POLICY: SEE IL T8 01 10 93
6. SUPPLEMENTAL POLICIES: Each of the following is a separate policy
containing its complete provisions:
Policy Policy No. Insuring Company
7. PREMIUM SUMMARY:
Provisional Premium \$ 15,677
Due at Inception \$ 15,677
Due at Each \$

NAME AND ADDRESS OF AGENT OR BROKER:
WORLDWIDE FACILITIES INS (FN710)
725 S FIGUEROA ST
STE 1900
LOS ANGELES, CA 90017

COUNTERSIGNED BY:

Authorized Representative

DATE: _____

IL T0 02 11 89 (REV. 09-07) PAGE 1 OF 1
OFFICE: WALNUT CREEK

EXHIBIT 2

PAGE 99



POLICY NUMBER: BME1-1S904470-TIL-21

EFFECTIVE DATE: 04-15-21

ISSUE DATE: 05-24-21

LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS
BY LINE OF BUSINESS.

IL T0 02 11 89	COMMON POLICY DECLARATIONS
IL T8 01 10 93	FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS
IL T0 01 01 07	COMMON POLICY CONDITIONS
IL T0 03 04 96	LOCATION SCHEDULE
IL T8 00	NAMED INSURED ENDORSEMENT

BOILER AND MACHINERY

EB T0 00 02 19	ENERGYMAX21 EQUIP BREAKDOWN DEC
EB T0 01 02 19	ENERGYMAX 21 EQUIP BREAKDOWN PRO TOC
EB T1 00 02 19	EQUIPMENT BREAKDOWN PROTECTION
EB T4 41 02 19	SPOILAGE DAMAGE AND REF CONTMTN SUB
BM T5 94 01 21	FEDERAL TERRORISM RISK INSURANCE ACT DIS
EB T3 13 02 19	ADDL INS, LOSS PAYEES OR MRTGAG - SP SCH
EB T3 18 02 19	SPECIFIED PERILS EXCLUSION

INTERLINE ENDORSEMENTS

IL T4 12 03 15	AMNDT COMMON POLICY COND-PROHIBITED COVG
IL T4 14 01 21	CAP ON LOSSES FROM CERT ACTS OF TERRORIS
IL 01 03 05 05	CALIFORNIA CHANGES - ACTUAL CASH VALUE
IL 01 04 09 07	CALIFORNIA CHANGES
IL 02 70 12 19	CA CHANGES - CANCELLATION, NONRENEWAL

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions:

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy or any Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. If a Coverage Part is cancelled, that date will become the end of the policy period as respects that Coverage Part only.
5. If this policy or any Coverage Part is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us as part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time

during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. We compute all premiums for this policy in accordance with our rules, rates, rating plans, premiums and minimum premiums. The premium shown in the Declarations was computed based on rates and rules in effect at

the time the policy was issued. On each renewal continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while

acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

G. Equipment Breakdown Equivalent to Boiler and Machinery

On the Common Policy Declarations, the term Equipment Breakdown is understood to mean and include Boiler and Machinery and the term Boiler and Machinery is understood to mean and include Equipment Breakdown.

This policy consists of the Common Policy Declarations and the Coverage Parts and endorsements listed in that declarations form.

In return for payment of the premium, we agree with the Named Insured to provide the insurance afforded by a Coverage Part forming part of this policy. That insurance will be provided by the company indicated as insuring company in the Common Policy Declarations by the abbreviation of its name opposite that Coverage Part.

One of the companies listed below (each a stock company) has executed this policy, and this policy is counter-signed by the officers listed below:

The Travelers Indemnity Company (IND)

The Phoenix Insurance Company (PHX)

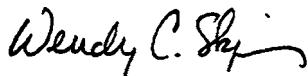
The Charter Oak Fire Insurance Company (COF)

Travelers Property Casualty Company of America (TIL)

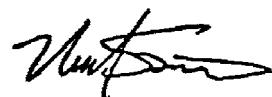
The Travelers Indemnity Company of Connecticut (TCT)

The Travelers Indemnity Company of America (TIA)

Travelers Casualty Insurance Company of America (ACJ)



Secretary



President

LOCATION SCHEDULE

POLICY NUMBER: BME1-1S904470-TIL-21

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period
04-15-21 to 04-15-22.

Loc. No.	Bldg. No.	Address	Occupancy
1	1	1172 SAN MARCOS ROAD PASO ROBLES, CA 93446	WINERY/BARNS

POLICY NUMBER: **BME1-1S904470-TIL-21**

GENERAL PURPOSE ENDORSEMENT

NAMED INSURED ENDORSEMENT

ITEM 1 NAMED INSURED TO READ:

RABBIT RIDGE WINE SALES, INC.; ERICH RUSSELL & JOANNE
RUSSELL; JOANNE RUSSELL DBA OLIVE DIVA;
NORTHERN HOLDING, LLC SERRANO;
THE RABBIT HOLE

BOILER AND MACHINERY

EXHIBIT 2

BOILER AND MACHINERY

EXHIBIT 2

PAGE 106

ENERGYMAX 21
EQUIPMENT BREAKDOWN PROTECTION
DECLARATIONS

POLICY NUMBER: BME1-1S904470-TIL-21
ISSUE DATE: 05-24-21

INSURING COMPANY:

TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

EFFECTIVE DATE: Same as Policy unless otherwise specified:

COVERED PREMISES:

The Coverage Provided By This Coverage Part Applies To All Locations Covered By This Policy Except Those Listed Below:

EXCEPTIONS:

The Limits of Insurance for Property Damage and the Coverage Extensions and Limitations are part of, not in addition to, the Total Limit per Breakdown.

If INCLUDED is shown under Limit of Insurance for Property Damage or a Coverage Extension or Limitation, then the limit for such coverage is part of, not in addition to, the other Limit of Insurance identified.

The Coverage Extensions listed below apply only if a limit or other coverage indicator is shown under the Limit of Insurance for that Coverage Extension.

The Coverage Limitations listed below always apply.

COVERAGES and LIMITS OF INSURANCE

Total Limit per Breakdown:

\$14,410,000

1. Property Damage (PD):

\$13,660,000

2. Coverage Extensions:

a. Business Income Coverage Extension (BI):

\$750,000

Coinsurance Percentage 100%

b. Extra Expense Coverage Extension (EE):

INCLUDED IN BI LIMIT

c. Spoilage Damage Coverage Extension (SD):

SEE EB T4 41

Utility Interruption – Spoilage coverage applies only if the interruption lasts at least (waiting period):

24 Hours

d. Utility Interruption – Time Element Coverage Extension (UI-TE):

\$100,000

Utility Interruption – Time Element coverage applies only if the interruption lasts at least (waiting period):

24 Hours

e. Civil Authority Coverage Extension:

COVERED

COVERAGEs and LIMITS OF INSURANCE – Continued

f. "Dependent Property" Coverage Extension:

NOT COVERED

"Dependent Property" Locations:

g. "Electronic Data" Or "Media" Coverage Extension:

(1) "Electronic Data" Or "Media" Stored At "Covered Premises":

\$25,000

(2) "Electronic Data" Or "Media" Stored With "Electronic Data Storage Provider":

INCLUDED IN "ELECTRONICS DATA" OR "MEDIA" STORED AT "COVERED PREMISES"

h. Errors And Omissions Coverage Extension:

\$25,000

i. Expediting Expense Coverage Extension:

\$25,000

j. Extended Period Of Restoration Coverage Extension:

30 Days

k. "Fungus", Wet Rot And Dry Rot Coverage Extension:

(1) Property Damage:

\$15,000

(2) Business Income Or Extra Expense:

30 DAYS

l. Green Enhancements Coverage Extension:

Property Damage Percentage Factor:

5 %

Property Damage Additional Costs Limit of Insurance:

\$25,000

Business Income or Extra Expense Additional Number of Days:

30 days

m. Ingress Or Egress Coverage Extension:

1 DAY

n. Newly Acquired Locations Coverage Extension:

\$1,000,000

Number of Days of Coverage:

90 Days

o. Off-Premises Transportable Equipment Coverage Extension:

\$25,000

COVERAGES and LIMITS OF INSURANCE – Continued

- p. Ordinance Or Law (Including Demolition And Increased Cost Of Construction) Coverage Extension:**
 - (a) Undamaged Property:**
\$25,000
 - (b) Demolition:**
INCLUDED IN UNDAMAGED PROPERTY
 - (c) Increased Cost Of Construction:**
INCLUDED IN UNDAMAGED PROPERTY
- q. Sump Overflow Coverage Extension:**
\$5,000

COVERAGE LIMITATIONS and LIMITS OF INSURANCE

- a. Hazardous Substance Limitation:**
\$25,000
- b. Refrigerant Contamination Limitation:**
SEE EB T4 41
- c. Water Damage Limitation:**
\$25,000

Drying Out Limit of Insurance:

INCLUDED IN PD LIMIT

Other:

NUMBER OF DAYS FOR NOTICE OF CANCELLATION:

60 Days

Except: 10 days for non-payment of Premium

COVERAGES and DEDUCTIBLE AMOUNT

Combined Deductible:

NOT APPLICABLE

Property Damage (PD):

\$10,000

Business Income (BI):

24 HOURS

Extra Expense (EE):

INCLUDED IN BI DEDUCTIBLE

Spoilage Damage (SD):

10% OF LOSS SUBJECT TO A \$10,000 MINIMUM

Utility Interruption – Time Element (UI-TE):

24 HOURS

"Dependent Property":

NOT APPLICABLE

Refrigerant Contamination:

10% OF LOSS SUBJECT TO A \$10,000 MINIMUM

Other:

NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART
ARE ATTACHED AS A SEPARATE LISTING

EnergyMax 21 Equipment Breakdown Protection

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ENERGYMAX 21

EQUIPMENT BREAKDOWN PROTECTION

Various provisions in this Coverage Part restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations or as endorsed hereunder. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F. Definitions**.

A. Coverage

1. Property Damage (PD)

- a. We will pay for direct damage to "Covered Property" located at the "Covered Premises" caused by a "Breakdown" to "Covered Equipment".
- b. We will also pay for the costs you incur to remove debris of such damaged "Covered Property", where such debris is a direct result of a "Breakdown" to "Covered Equipment".

2. Coverage Extensions

Coverage provided under Section **A.1.** may be modified by the following Coverage Extensions. Coverage Extensions apply only if a limit or other coverage indicator is shown under the Limit of Insurance for that Coverage Extension in the Declarations or elsewhere in this Coverage Part.

The Coverage Extensions apply only to that portion of the loss or damage that is a direct result of a "Breakdown" to "Covered Equipment". The "Breakdown" to "Covered Equipment" must occur during the policy period, but expiration of the Policy does not limit our liability under these Coverage Extensions.

The most we will pay under each of the Coverage Extensions is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for such Coverage Extension.

The Limits of Insurance for these Coverage Extensions are part of, and are not in addi-

tion to, the Total Limit per Breakdown Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

a. Business Income Coverage Extension (BI)

- (1) We will pay:
 - (a) Your actual loss of "Business Income" from a total or partial interruption of business during the "Period of Restoration"; and
 - (b) The additional necessary expenses you incur during the "Period of Restoration", over and above the expenses that you normally would have incurred, to reduce or avert the amount of loss under this Coverage Extension. We will pay for such expenses only to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.
- (2) The "Covered Equipment" must either be:
 - (a) "Covered Property" located at a "Covered Premises"; or
 - (b) Property of others that is:
 - (i) Located at a "Covered Premises" insured under this Coverage Part; and
 - (ii) Used to supply "Utility Services" to the "Covered Premises".
- (3) We will take into consideration:
 - (a) The experience of your business before the "Breakdown" to "Covered Equipment" and the probable experience you would have had without the "Breakdown" to "Covered Equipment"; and
 - (b) Any amount recovered under physical damage coverages based on selling price valuation;

EQUIPMENT BREAKDOWN

in the adjustment of any loss.

b. Extra Expense Coverage Extension (EE)

- (1) We will pay your "Extra Expense".
- (2) The "Covered Equipment" must either be:
 - (a) "Covered Property" located at a "Covered Premises"; or
 - (b) Property of others that is:
 - (i) Located at a "Covered Premises" insured under this Coverage Part; and
 - (ii) Used to supply "Utility Services" to the "Covered Premises".
- (3) We will take into consideration the experience of your business before the "Breakdown" to "Covered Equipment" and the probable experience you would have had without the "Breakdown" to "Covered Equipment" in the adjustment of any loss.

c. Spoilage Damage Coverage Extension (SD)

We will pay for:

- (1) Spoilage damage to "Perishable Goods" located at the "Covered Premises".
- (2) Utility Interruption – Spoilage

Spoilage damage to "Perishable Goods" located at the "Covered Premises" that is caused by or results from an interruption in "Utility Services" to your "Covered Premises" that is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by a private or public utility, landlord or other supplier with whom you have a contract to provide you with "Utility Services".

The interruption of such "Utility Service" to your "Covered Premises" must last at least the consecutive period of time shown in the Declarations or elsewhere in this Coverage Part for Utility Interruption – Spoilage. Once this waiting period is met, coverage will commence at the initial time of the interruption and will

then be subject to the applicable deductible.

- (3) Any necessary expenses you incur to reduce or avert the amount of loss under this Coverage Extension. We will pay such expenses to the extent they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

d. Utility Interruption – Time Element Coverage Extension (UI-TE)

If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the interruption of "Utility Services" to your "Covered Premises" provided all of the following conditions are met:

- (1) The interruption is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by a private or public utility, landlord or other supplier with whom you have a contract to provide you with "Utility Services";
- (2) The "Covered Equipment" is not located at the affected "Covered Premises" insured under this Coverage Part;
- (3) The "Covered Equipment" is used to supply "Utility Services" to the "Covered Premises"; and
- (4) The interruption of "Utility Services" to your "Covered Premises" lasts at least the consecutive period of time shown in the Declarations or elsewhere in this Coverage Part for Utility Interruption – Time Element. Once this waiting period is met, coverage will commence at the initial time of the interruption, subject to the applicable deductible.

With respect to this Coverage Extension, the "Period of Restoration" ends on the date when the "Covered Equipment" owned, operated or controlled by such utility supplier should be repaired, rebuilt or replaced with reasonable speed and similar quality.

e. Civil Authority Coverage Extension

(1) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the action of civil authority that prohibits access to the "Covered Premises". The action of civil authority must be due to direct physical loss or damage to property caused by a "Breakdown" to "Covered Equipment" at locations, other than the "Covered Premises", that are within 100 miles of the "Covered Premises".

(2) Coverage provided under Paragraph **e.(1)** above will commence 24 hours after the time of the civil authority action and will continue:

- (a) For a period of up to three consecutive weeks; or
- (b) Until the action of civil authority is rescinded or expires and access to the "Covered Premises" is no longer prohibited;

whichever occurs first. The "Period of Restoration" does not apply to this Coverage Extension.

f. "Dependent Property" Coverage Extension

If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the necessary partial or total interruption of your business during the "Period of Restoration for Dependent Property". The interruption must be caused by direct physical loss of or damage to "Dependent Property", shown in the Declarations or elsewhere in this Coverage Part, caused by or resulting from a "Breakdown" to "Covered Equipment".

However, coverage under this Coverage Extension does not apply when the only loss to "Dependent Property" is loss or damage to "Electronic Data", including destruction or corruption of "Electronic Data". If the "Dependent Property" sustains loss or damage to "Electronic Data" and other property, coverage under this Coverage Extension will end once the other property is repaired, rebuilt or replaced.

g. "Electronic Data" Or "Media" Coverage Extension

(1) "Electronic Data" Or "Media" Stored At "Covered Premises"

If "Media" is damaged or "Electronic Data" is lost or corrupted as a direct result of a "Breakdown" to "Covered Equipment" and such "Media" or "Electronic Data" is located or stored at a "Covered Premises", we will pay the actual cost to:

- (a) Research, replace, recreate or restore the damaged "Media" or lost or corrupted "Electronic Data"; and
- (b) Reprogram instructions used in any "Covered Property" that is "Computer Equipment" made necessary due to the damaged "Media" or lost or corrupted "Electronic Data".

(2) "Electronic Data" Or "Media" Stored With "Electronic Data Storage Provider"

If "Media" is damaged or "Electronic Data" is lost or corrupted as a direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by an "Electronic Data Storage Provider" and such "Media" or "Electronic Data" is stored with that "Electronic Data Storage Provider", we will pay your actual cost to:

- (a) Research, replace, recreate or restore your damaged "Media" or your lost or corrupted "Electronic Data"; and

- (b) Reprogram instructions used in any "Covered Property" that is "Computer Equipment";

provided that the "Covered Equipment" owned, operated or controlled by that "Electronic Data Storage Provider" is not located at any "Covered Premises" insured under this Coverage Part and that such "Covered Equipment" is used to store your "Electronic Data".

(3) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the actual loss incurred during

EQUIPMENT BREAKDOWN

the time necessary to:

- (a) Research, replace, recreate or restore the damaged, "Media" or lost or corrupted "Electronic Data"; and
- (b) Reprogram instructions used in any covered "Computer Equipment";

with reasonable speed and similar quality. The "Period of Restoration" does not apply to this Coverage Extension.

- (4) We will not pay for any loss or expense incurred due to damaged "Media" or lost or corrupted "Electronic Data" if the "Electronic Data" or "Media" cannot be replaced, recreated or restored. To the extent that "Electronic Data" is not replaced, recreated or restored, the loss will be valued at the cost of replacement of the "Media" on which the "Electronic Data" was stored, with blank "Media" of a substantially identical type.

The deductible for coverage provided under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

h. Errors And Omissions Coverage Extension

We will pay for your loss or damage that would otherwise be payable under this Coverage Part, but is not payable solely because of any unintentional:

- (1) Error or omission in the description or location of property as insured under this Coverage Part;
- (2) Failure to include any premises owned or occupied by you at the inception date of this Coverage Part; or
- (3) Error or omission by you that results in cancellation of coverage for any premises insured under this Policy.

No coverage is provided as a result of any error or omission in the reporting of

values or the coverage you requested.

It is a condition of coverage provided under this Coverage Extension that any errors or omissions must be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date that any premises should have been added had no error or omission occurred.

i. Expediting Expense Coverage Extension

With respect to direct damage to "Covered Property" located at the "Covered Premises" caused by a "Breakdown" to "Covered Equipment", we will pay the reasonable extra cost you necessarily incur to:

- (1) Make temporary repairs to; or
- (2) Expedite the permanent repairs or replacement of;

the damaged "Covered Property".

The deductible for coverage under this Coverage Extension is INCLUDED within the Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

j. Extended Period Of Restoration Coverage Extension

The "Period of Restoration" is extended for the number of consecutive days indicated in the Declarations or elsewhere in this Coverage Part.

k. "Fungus", Wet Rot And Dry Rot Coverage Extension

(1) Property Damage

- (a) We will pay for direct damage to "Covered Property" located at the "Covered Premises" caused by "Fungus", wet rot or dry rot, but only when the "Fungus", wet rot or dry rot is caused by or results from a "Breakdown" to "Covered Equipment" that occurs during the policy period, including the cost:

- (i) To treat, contain or remove the "Fungus", wet rot or dry rot;
 - (ii) To dispose of the "Fungus",

wet rot or dry rot;

(iii) To tear out and replace any "Covered Property" located at the "Covered Premises" as needed to gain access to the "Fungus", wet rot or dry rot; and

(iv) Of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "Fungus", wet rot or dry rot is present.

(b) The most we will pay for coverage provided under Paragraph k.(1)(a) above is \$15,000 per "Covered Premises" per 12-month period starting with the effective date of this Coverage Part, or the amount shown in the Declarations or elsewhere in this Coverage Part as the Limit of Insurance for "Fungus", Wet Rot And Dry Rot Coverage Extension, whichever is greater. With respect to any "One Breakdown" that results in "Fungus", wet rot or dry rot, we will not pay more than such limit even if the "Fungus", wet rot or dry rot continues to be present or active or recurs in a later policy period.

(c) The limit in Paragraph k.(1)(b) above is part of, and is not in addition to, the Property Damage Limit of Insurance. However, if "Fungus", wet rot or dry rot results from water released as a result of a "Breakdown" to "Covered Equipment", the limit in Paragraph k.(1)(b) above is part of, and is not in addition to, the Water Damage Limitation Limit of Insurance.

(2) Business Income Or Extra Expense

(a) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the additional loss caused by the presence of "Fungus", wet rot or dry rot as identified in Paragraph k.(1)(a) above.

(b) Coverage identified in Paragraph k.(2)(a) above is limited to 30 days, or the number of days shown in the Declarations or elsewhere in this Coverage Part for the "Fungus", Wet Rot And Dry Rot Coverage Extension, whichever is greater. The number of indicated days need not be consecutive. This limit is part of, and is not in addition to, the applicable Limits of Insurance for the Business Income Coverage Extension or Extra Expense Coverage Extension.

The deductible for coverage under this Coverage Extension is INCLUDED with in the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

I. Green Enhancements Coverage Extension

(1) Green Alternative Additional Costs

(a) We will pay for the reasonable additional cost you incur to:

(i) Repair or replace the damaged or destroyed portions of the "Covered Property" located at the "Covered Premises" (except as may be provided under Section E. Conditions. 1. Loss Conditions. I. Valuation. (2) New Generation) using products or materials that:

i. Are "Green" alternatives to the products or materials of the damaged or destroyed "Covered Property" located at the "Covered Premises", in accordance with the documented standards of a "Green Authority"; and

EQUIPMENT BREAKDOWN

- ii. Are otherwise of comparable quality and function to the damaged or destroyed "Covered Property" located at the "Covered Premises"; and
 - (ii) Employ "Green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the damaged or destroyed "Covered Property" located at the "Covered Premises", in accordance with the documented standards of a "Green Authority".
- (b) Green Reengineering, Recertification And Related Expenses**
 - (i) If, as a direct result of the "Breakdown" to "Covered Equipment", the pre-loss level of "Green" certification by a "Green Authority" on the "Covered Property" located at the "Covered Premises" is lost, we will pay for the following reasonable additional expense you incur to re-attain the pre-loss level of "Green" certification from that "Green Authority":
 - i. The reasonable additional expenses you incur to hire a qualified engineer or other professional required by the "Green Authority" to be involved in:
 - a. Designing, overseeing or documenting the repair or replacement of the damaged or destroyed "Covered Property" located at the "Covered Premises"; or
 - b. Testing and recalibrating the systems and mechanicals of the damaged or
 - destroyed "Covered Property" located at the "Covered Premises" to verify that the systems and mechanicals are performing in accordance with the design of such systems and mechanicals or the specifications of the manufacturer; and
 - ii. The reasonable registration and recertification fees charged by the "Green Authority".
 - (ii) After repair or reconstruction is completed, we will pay your reasonable expenses to flush out the renovated space or to conduct air quality testing of the renovated space in accordance with the recommended procedures of a "Green Authority" and for the purpose of mitigating indoor air-quality deficiencies resulting from the repair or reconstruction.
 - (iii) This coverage applies to the additional expenses described in Paragraphs I.(1)(b)(i) and (ii) above that you incur to achieve the pre-loss level of "Green" certification in accordance with the standards of the "Green Authority" that exist at the time of repair or replacement, even if the standards have changed since the original certification was achieved.
 - (c) Coverage provided under Paragraphs I.(1)(a) and I.(1)(b) above applies only if replacement cost valuation applies to the damaged or destroyed "Covered Property" located at the "Covered Premises", and then only if the "Covered Property" is actually repaired or replaced as

soon as reasonably possible after the "Breakdown" to "Covered Equipment".

(d) The most we will pay for coverage provided under Paragraphs I.(1)(a) and I.(1)(b) above for any "One Breakdown" is the least of:

- (i) The Property Damage Percentage Factor shown in the Declarations or elsewhere in this Coverage Part multiplied by the amount we would otherwise pay for loss covered under Section A. **Coverage, 1. Property Damage**, prior to the application of any applicable deductible; or
- (ii) The Property Damage Additional Costs Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

(2) **Green Alternative Business Income And Extra Expense**

(a) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the actual and necessary loss or expense incurred during the reasonable and necessary increase in the "Period of Restoration" incurred to:

- (i) Repair or replace the damaged or destroyed portions of the "Covered Property" located at the "Covered Premises" using products or materials that:
 - i. Are "Green" alternatives to the products or materials of the damaged or destroyed "Covered Property", in accordance with the documented standards of a "Green Authority"; and
 - ii. Are otherwise of comparable quality and function to the damaged or destroyed "Covered Property"; and
- (ii) Employ "Green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the damaged or destroyed "Covered Property" located at the "Covered Premises", in accordance with the documented standards of a "Green Authority".

(b) The coverage provided under Paragraph I.(2)(a) above does not increase the applicable Business Income or Extra Expense Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

The deductible for coverage provided under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

m. Ingress Or Egress Coverage Extension

(1) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss you incur due to physical prevention of ingress to or egress from a "Covered Premises" provided such prevention is a direct result of a "Breakdown" to "Covered Equipment" as otherwise covered under this Policy. The prevention of ingress to or egress from a "Covered Premises" must be caused by a "Breakdown" to "Covered Equipment" at a location other than a "Covered Premises".

(2) Coverage provided under Paragraph m.(1) above will commence 24 hours after the inception of the prevention of ingress or egress and will continue for the period of time

EQUIPMENT BREAKDOWN

shown for the Ingress Or Egress Coverage Extension in the Declarations or elsewhere in this Coverage Part.

(3) Coverage provided under this Coverage Extension does not apply if the ingress to or egress from your "Covered Premises" is prohibited by civil authority.

The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

n. Newly Acquired Locations Coverage Extension

We will provide coverage at newly acquired locations you have purchased or leased. This coverage begins at the time you acquire the property and is subject to the following conditions:

- (1) You must promptly inform us in writing of each newly acquired location;
- (2) You agree to pay an additional premium as determined by us for each newly acquired location from the date you acquire each such location;
- (3) The coverage for these locations will be subject to the same terms, conditions, exclusions and limitations as other "Covered Premises" until such locations are more specifically insured under the Coverage Part;
- (4) The coverage under this Coverage Extension will end when any of the following first occurs:
 - (a) This Policy expires;
 - (b) The number of days shown in the Declarations or elsewhere in this Coverage Part for Newly Acquired Locations is exceeded; or
 - (c) The location is reported to us and we have communicated to you in writing our intent to continue coverage (including coverage with different limits, deductibles, terms or conditions) or decline further coverage for such reported location.

(5) If the coverages and deductibles vary for existing premises, then the coverages for the newly acquired locations will be the broadest coverage, highest limits and highest deductibles applicable to the existing "Covered Premises". However, the most we will pay for all loss or damage as provided under this Coverage Extension is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Newly Acquired Locations Coverage Extension.

o. Off-Premises Transportable Equipment Coverage Extension

- (1) If you have transportable "Covered Equipment" that, at the time of the "Breakdown", is within the Coverage Territory but is at a temporary location that is not a "Covered Premises" or any other location owned, leased or operated by you, we will pay for direct damage to "Covered Property" caused by a "Breakdown" to such "Covered Equipment".
- (2) With respect to coverage provided under this Coverage Extension, Section **F. Definitions. 7. "Covered Equipment"**, Paragraph **b.(11)** does not apply to transportable "Covered Equipment" mounted on or used with a vehicle, self-propelled equipment or floating vessel, provided the transportable "Covered Equipment" is not used in the operation or propulsion of the vehicle, self-propelled equipment or floating vessel.
- (3) The Limit of Insurance for coverage provided under this Coverage Extension is part of, and is not in addition to, the Property Damage Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part. The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

p. Ordinance Or Law (Including Demolition And Increased Cost Of Construction) Coverage Extension

(1) With respect to a building or structure that is "Covered Property" located at a "Covered Premises" and that was damaged as a result of a "Breakdown" to "Covered Equipment", the following coverages apply:

(a) Undamaged Property

We will pay for the loss in value of the undamaged portion of the building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of undamaged parts of the same building or structure.

(b) Demolition

We will pay your actual cost to demolish and clear the site of the undamaged parts of the same building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of such undamaged property.

(c) Increased Cost Of Construction

We will pay the increased cost actually and necessarily expended to:

(i) Repair or reconstruct the damaged or destroyed portions of the building or structure; and

(ii) Reconstruct or remodel the undamaged portion of that building or structure with buildings or structures of like materials, height, floor area, and style for like occupancy, regardless of whether demolition is required on:

i. The same "Covered Premises" or at another location, if you so elect. However, if you rebuild at another location, the most we will pay is the

increased cost of construction that we would have paid to rebuild at the same "Covered Premises"; or

ii. Another location if the relocation is required by the ordinance, law, rule, regulation or ruling. The most we will pay is the increased cost of construction at the new location.

(d) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss incurred as a direct consequence of coverage provided in Paragraph **p.(1)(a), (b) or (c)** above. With regard to loss covered under this paragraph, the "Period of Restoration" is extended to include the additional period of time required for demolition, removal, repair, remodeling or reconstruction and to meet the minimum requirement for the enforcement of any ordinance, law, rule, regulation or ruling in effect at the time of the "Breakdown".

(2) The coverages described in Paragraph **p.(1)** above apply only if the increases in loss are necessitated by the enforcement of any ordinance, law, rule, regulation or ruling that is in force at the time of the "Breakdown" to "Covered Equipment" and that regulates the demolition, construction, repair or use of the building or structure.

(3) We will not pay for:

(a) Demolition or site clearing until the undamaged portions of the buildings or structures are actually demolished;

(b) Increase in loss until the damaged or destroyed buildings or structures are actually rebuilt or replaced and approved by the regulating government agency;

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- (c) Loss due to any ordinance, law, rule, regulation or ruling that:
 - (i) You were required to comply with before the loss, even if the building was undamaged; and
 - (ii) You failed to comply with;
- (d) Increase in loss excess of the amount required to meet the minimum requirement of an ordinance, law, rule, regulation or ruling enforcement at the time of the "Breakdown" to "Covered Equipment";
- (e) Increase in loss resulting from a "Hazardous Substance";
- (f) Loss or expense sustained due to the enforcement of any ordinance, law, rule, regulation or ruling that requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "Fungus", wet rot or dry rot; or
- (g) Costs associated with the enforcement of any ordinance, law, rule, regulation or ruling that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Fungus", wet rot or dry rot.

(4) If:

- (a) The building or structure is damaged by a "Breakdown" to "Covered Equipment" that is covered by this Coverage Part;
- (b) There is other physical damage that is not covered by this Coverage Part; and
- (c) As a result of the building damage in its entirety, you are required to comply with the ordinance, law, rule, regulation or ruling;

then we will not pay the full amount of the loss under this Coverage Extension. Instead, we will pay only

that proportion of such loss that the damage by the "Breakdown" to "Covered Equipment" bears to the total physical damage.

But if the building or structure sustains direct physical damage that is not covered under this Coverage Part and such damage is the subject of the ordinance, law, rule, regulation or ruling, then there is no Ordinance or Law coverage under this Coverage Part even if the building has also sustained damage by a "Breakdown" to "Covered Equipment".

(5) The most we will pay under this Coverage Extension for the sum of all covered loss, including loss covered under any applicable Business Income Coverage Extension or Extra Expense Coverage Extension, is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Ordinance Or Law (Including Demolition And Increased Cost Of Construction).

The deductible for coverage provided under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

q. Sump Overflow Coverage Extension

- (1) We will pay for direct damage to "Covered Property" located at the "Covered Premises" caused by or resulting from the overflow of water or waterborne material from a sump located at a "Covered Premises" if such overflow is the result of a "Breakdown" to "Covered Equipment" that is a sump pump or any other "Covered Equipment" at the "Covered Premises" necessary to operate that sump pump.
- (2) We will also pay for any loss covered under any other Coverage Extension as otherwise provided under this Policy that directly results from a loss covered under Paragraph q.(1) above.

- (3) The most we will pay under this Coverage Extension for "One Breakdown" is \$5,000.
- (4) We will not pay for any loss or damage under this Coverage Extension if such loss or damage is covered under another policy of insurance or self-insurance risk retention plan in force at the time of the "Breakdown" to "Covered Equipment", regardless of any applicable deductible, or whether you can collect on it or not.

The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

B. Exclusions

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

The exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Earth Movement

Earth movement including: earthquake; landslide; land subsidence; mine subsidence; sinkhole collapse; volcanic action; or other rising or shifting of earth that results from, contributes to, or is aggravated by any of the above, all whether naturally occurring or due to man-made or other artificial causes.

2. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

3. War or Military Action

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

4. Water

- a. Flood, surface water, waves, tides, tidal waves, tsunami, overflow of any body of water, or their spray, all whether driven by wind or not;
- b. Mudflow or mudslides;
- c. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment, except as provided in the Sump Overflow Coverage Extension in Section A.2.q. ; or
- d. Water under the ground surface pressing on, or flowing or seeping through:
 - (1) Foundations, walls, floors or paved surfaces;
 - (2) Basements, whether paved or not; or
 - (3) Doors, windows or other openings: all whether naturally occurring or due to man-made or other artificial causes.

However, if your electrical "Covered Equipment" located at the "Covered Premises" requires drying out as a result of a loss event described in Paragraphs 4. a., b. or c. above, we will pay the expenses you incur to dry out such "Covered Equipment". We will not pay the cost to repair (other than the expense to dry out) or replace such "Covered Equipment" or any other resulting loss, damage or expense.

The most we will pay for such drying out expenses is the applicable Drying Out Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part, or the actual cash value of your affected electrical "Covered Equipment", whichever is less. The Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part applies to these expenses.

- 5. **Capsizing, collapse, collision, impact, overturning, sinking or upset** of transportable "Covered Equipment" or the vehicle, vessel, platform or any other structure on which the "Covered Equipment" is mounted or transported.
- 6. **Discharge or leakage** of a sprinkler system, sewer piping or domestic water piping, unless such discharge or leakage is the direct result of a "Breakdown" to

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"Covered Equipment". The most we will pay for such water damage is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Water Damage Limitation.

7. Delay, interruption of business, loss of use or loss of market except as provided in the Business Income Coverage Extension, Extra Expense Coverage Extension or Utility Interruption-Time Element Coverage Extension in Section **A.2.**

8. Depletion, deterioration, corrosion, erosion, decay, wear and tear or rust. However, if a "Breakdown" to "Covered Equipment" ensues, we will pay the ensuing loss or damage not otherwise excluded.

9. An explosion.

However, we will pay for direct loss or damage caused by an explosion of "Covered Equipment" of a kind specified below, and which is not otherwise excluded elsewhere in this Coverage Part:

- a.** Steam boiler; electric steam generator; steam piping; steam turbine; steam engine; or
- b.** Gas turbine or any other moving or rotating machinery, when such explosion is caused by centrifugal force or mechanical breakdown.

10. Explosion within the furnace of a chemical recovery type boiler or within the gas passages from the furnace to the atmosphere.

11. Fire or combustion explosion including those that:

- a.** Result in a "Breakdown" to "Covered Equipment";
- b.** Occur at the same time as a "Breakdown" to "Covered Equipment"; or
- c.** Ensu from a "Breakdown" to "Covered Equipment".

12. "Fungus", Wet Rot and Dry Rot

Presence, growth, proliferation, spread or activity of "Fungus", wet rot or dry rot, except as provided in the "Fungus", Wet Rot And Dry Rot Coverage Extension in Section **A.2.k.** However, if a "Breakdown" to "Covered Equipment" ensues, we will pay the ensuing loss or damage not otherwise excluded.

13. "Hacking Event". However, if a "Breakdown" to "Covered Equipment" ensues, we will pay the ensuing loss or damage not otherwise excluded.

14. Any indirect loss, including damage due to spoilage, following a "Breakdown" to "Covered Equipment" that results from the **lack or excess of power, light, heat, steam or refrigeration**, except as provided in the Business Income Coverage Extension, Extra Expense Coverage Extension, Utility Interruption-Time Element Coverage Extension or Spoilage Damage Coverage Extension in Section **A.2.**

15. Neglect by you to use all reasonable means to save and preserve "Covered Property" from further damage at and after the time of loss.

16. Ordinance or Law

Increase in loss from the enforcement of any ordinance, law, rule, regulation or ruling which restricts or regulates the repair, replacement, alteration, use, operation, construction, installation, clean-up or disposal of "Covered Property", except as provided in the Ordinance Or Law (Including Demolition And Increased Cost Of Construction) Coverage Extension in Section **A.2.p.** or in the Hazardous Substance Limitation in Section **C.4.a.**

However, the words 'use' and 'operation' do not apply as respects a covered "Breakdown" to electrical supply and emergency generating equipment located on any "Covered Premises" when continued operation is contingent on the presence of such electrical supply and emergency generating equipment as mandated by any government agency.

17. Hail or Windstorm. However, if:

- a.** The hail or windstorm occurs away from the "Covered Premises" and causes an electrical surge or other electrical disturbance;
- b.** Such surge or disturbance is transmitted through utility service transmission lines to the "Covered Premises";
- c.** The surge or disturbance results in a "Breakdown" to "Covered Equipment" at the "Covered Premises"; and

- d. The loss or damage caused by the surge or disturbance is not covered under another policy of insurance or self-insurance risk retention plan in force at the time of the "Breakdown" to "Covered Equipment", regardless of any applicable deductible, or whether you can collect on it or not;

this exclusion will not apply to the loss or damage caused by such electrical surge or disturbance.

18. Specified Perils

A "Breakdown" to "Covered Equipment" that is the direct or indirect result of the following causes of loss, if such cause of loss is covered by another policy of insurance or self-insurance risk retention plan in force at the time of the "Breakdown" to "Covered Equipment", regardless of any applicable deductible, or whether you can collect on it or not.

- a. Aircraft or missiles;
- b. Civil commotion;
- c. Collapse;
- d. Freezing caused by cold weather;
- e. Lightning;
- f. Molten material;
- g. Objects falling from aircraft or missiles;
- h. Riot;
- i. Smoke;
- j. Vandalism;
- k. Vehicles, including any material carried in or on the vehicles; or
- l. Weight of snow, ice, sleet.

19. Any "Breakdown" to "Covered Equipment" that takes place while the "Covered Equipment" is undergoing a test which subjects the "Covered Equipment" to greater than maximum allowable operating conditions as identified by the manufacturer of the "Covered Equipment".

20. Virus or Bacteria

Any virus, bacterium, or other microorganism that induces or is capable of inducing physical distress, illness or disease, except as provided in the Spoilage Damage Coverage Extension in Section **A.2.c.** However, if

a "Breakdown" to "Covered Equipment" ensues, we will pay for the ensuing loss or damage not otherwise excluded.

This exclusion does not apply to loss or damage caused by or resulting from "Fungus", Wet Rot and Dry Rot. Such loss or damage is addressed in the **"Fungus", Wet Rot and Dry Rot Exclusion.**

21. Water or other means used to extinguish a fire, even when the attempt is unsuccessful.

22. With respect to the Business Income Coverage Extension, Extra Expense Coverage Extension, and Utility Interruption – Time Element Coverage Extension in Section **A.2.**, the following additional exclusions apply:

- a. The business that would not or could not have been carried on if the "Breakdown" to "Covered Equipment" had not occurred;
- b. Your failure to use due diligence and dispatch to operate your business as nearly normal as practicable at the "Covered Premises"; or
- c. The suspension, lapse or cancellation of any contract or agreement following a "Breakdown" to "Covered Equipment" extending beyond the time business could have resumed if the contract or agreement had not lapsed, been suspended or canceled.

23. With respect to Utility Interruption-Spoilage Coverage Extension and the Utility Interruption-Time Element Coverage Extension in Section **A.2.**, the following additional exclusions apply :

Specified Perils. any loss resulting from the following causes of loss:

- a. Aircraft or missiles;
- b. Civil commotion;
- c. Collapse;
- d. Freezing caused by cold weather;
- e. Lightning;
- f. Molten material;
- g. Objects falling from aircraft or missiles;
- h. Riot;
- i. Smoke;
- j. Vandalism;

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C. Limits of Insurance

1. The most we will pay for loss or damage under any and all Coverage, Coverage Extensions and Limitations from any "One Breakdown" is the applicable Total Limit per Breakdown Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.
2. For each Coverage and Coverage Extension in Section A., if:
 - a. INCLUDED is shown in the Declarations or elsewhere in this Coverage Part under Limit of Insurance, then the limit for such coverage is part of, and is not in addition to, the other Limit of Insurance identified.
 - b. A Limit of Insurance is shown in the Declarations or elsewhere in this Coverage Part, we will not pay more than the applicable Limit of Insurance.

4. Limitations

a Hazardous Substance Imitation

- (1) If "Covered Property" located at the "Covered Premises" is damaged, contaminated or polluted by a "Hazardous Substance" as a direct result of a "Breakdown" to "Covered Equipment", we will pay for direct damage to that "Covered Property" caused by the "Hazardous Substance", including any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property.
- (2) As used here, additional expenses means the additional cost incurred

over and above the amount that we would have paid had no "Hazardous Substance" been involved with the loss.

- (3) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover any loss caused by a "Hazardous Substance" as identified in Paragraph a.(1) above.
- (4) The most we will pay for all loss or damage described under this Coverage Limitation is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Hazardous Substance Limitation. This limit is part of, and is not in addition to, the Total Limit per Breakdown Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

The deductible for coverage under this Limitation is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

b. Refrigerant Contamination Limitation

If "Covered Property" located at the "Covered Premises" is contaminated by a refrigerant, including ammonia, as a direct result of a "Breakdown" to "Covered Equipment", the most we will pay for direct damage to that "Covered Property" caused by such refrigerant contamination, including salvage expense and any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property, is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Refrigerant Contamination Limitation. This limit is part of, and is not in addition to, the Limit of Insurance for Property Damage.

The deductible for coverage under this Limitation is shown in the Declarations or elsewhere in this Coverage Part. If no deductible is shown in the Declarations or elsewhere in this Coverage Part for

coverage under this Limitation, the deductible is INCLUDED within the Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

c. Water Damage Limitation

If "Covered Property" located at the "Covered Premises" is damaged by water as a direct result of a "Breakdown" to "Covered Equipment", the most we will pay for direct damage to that "Covered Property" caused by such water, including salvage expense, is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Water Damage Limitation. This limit is part of, and is not in addition to, the Limit of Insurance for Property Damage.

This Limitation does not apply to any loss or damage covered under the Sump Overflow Coverage Extension in Section **A.2.q.**

The deductible for coverage under this Limitation is INCLUDED within the Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

D. Deductibles

1. Application of Deductibles

We will not pay for loss or damage resulting from any "One Breakdown" until the amount of covered loss or damage exceeds the deductible shown in the Declarations or elsewhere in this Coverage Part for each applicable coverage. We will then pay the amount of covered loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

Deductibles apply separately for each applicable coverage except if:

- a. A Combined Deductible is shown in the Declarations or elsewhere in this Coverage Part, then we will first subtract the combined deductible amount from the aggregate amount of all loss;
- b. More than one "Covered Equipment" is involved in "One Breakdown", then only one deductible, the highest, will apply for each of the applicable coverages; or

c. INCLUDED is shown in the Declarations or elsewhere in this Coverage Part, then the deductible for that Coverage, Coverage Extension or Coverage Limitation is part of the other deductible identified, and we will subtract the deductible from the aggregate amount of loss under any Coverage, Coverage Extension and Coverage Limitation subject to such deductible.

2. Determination of Deductibles

a. Dollar Deductible

If a dollar deductible is shown in the Declarations or elsewhere in this Coverage Part, we will first subtract the dollar amount from any loss we would otherwise pay.

b. Multiple per Unit Deductible

If a multiple of units is shown in the Declarations or elsewhere in this Coverage Part, the deductible will be calculated as the product of the multiplier times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit suffered a "Breakdown" to "Covered Equipment", the deductible would be \$25 times 500 hp which equals \$12,500.)

c. Time Deductible

If a time deductible is shown in the Declarations or elsewhere in this Coverage Part, we will not be liable for any loss under that coverage that occurs during that specified time period immediately following a "Breakdown" to "Covered Equipment". If a time deductible is shown in days, each day will mean 24 consecutive hours.

d. Multiple of Average Daily Value (ADV) Deductible

If a multiple of average daily value is shown in the Declarations or elsewhere in this Coverage Part, this deductible will be calculated as follows:

(1) For the entire "Covered Premises" where the loss occurred, determine the total amount of "Business Income" that would have been earned during the "Period of Restoration"

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had no "Breakdown" to "Covered Equipment" taken place.

- (2) Divide the result in Paragraph **d.(1)** by the number of days the business would have been open during the "Period of Restoration". The result is the average daily value (ADV).
- (3) Multiply the ADV by the multiple of average daily value shown in the Declarations or elsewhere in this Coverage Part.

e. Percentage of Loss Deductible

If a deductible is expressed as a percentage of loss in the Declarations or elsewhere in this Coverage Part, we will not be liable for the indicated percentage of the gross amount of loss or damage (prior to the applicable deductible or coinsurance) payable under the applicable coverage.

f. Minimum or Maximum Deductible

(1) If:

- (a) A minimum dollar amount deductible is shown in the Declarations or elsewhere in this Coverage Part; and
- (b) The dollar amount of the Multiple per Unit, Multiple of Average Daily Value or Percentage of Loss Deductible is less than the Minimum Deductible;

then the Minimum Deductible amount shown in the Declarations or elsewhere in this Coverage Part will be the applicable deductible.

(2) If:

- (a) A maximum dollar amount deductible is shown in the Declarations or elsewhere in this Coverage Part; and

- (b) The dollar amount of the Multiple per Unit, Multiple of Average Daily Value or Percentage of Loss Deductible is greater than the Maximum Deductible;

then the Maximum Deductible amount shown in the Declarations or elsewhere in this Coverage Part will be the applicable deductible.

E. Conditions

The following conditions apply in addition to the Common Policy Conditions:

1. Loss Conditions

a. Abandonment

There can be no abandonment of any property to us.

b. Appraisal

If you and we disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that a judge of a court having jurisdiction make the selection. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

c. Defense

If there is damage to property of another in your care, custody or control for which you are legally liable, we have the right, but are not obligated, to defend you against any suit alleging liability for that property. When we do this, it will be at our expense.

d. Duties in the Event of Loss or Damage

- (1) You must see that the following are done in the event of loss or damage to "Covered Property":

- (a) Give us a prompt notice of the loss or damage. Include a description of the property involved;

- (b) As soon as possible, give us a description of how, when and where the loss or damage occurred;

- (c) Allow us reasonable time and

opportunity to examine the property and "Covered Premises" before repairs are undertaken or physical evidence of the "Breakdown" to "Covered Equipment" is removed. But you must take whatever measures are necessary to protect the property and "Covered Premises" from further damage;

- (d) Preserve all repaired or replaced "Covered Property" for our inspection, unless we authorize otherwise;
- (e) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records;
- (f) Permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records;
- (g) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms;
- (h) Cooperate with us in the investigation or settlement of the claim;
- (i) Promptly send us any legal papers or notices received concerning the loss or damage; and
- (j) Make no statement that will assume any obligation or admit any liability, for any loss or damage for which we may be liable, without our consent.

(2) We may examine any Insured under oath, while not in the presence of any other Insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an Insured's books and records. In the event of an examination, an Insured's answers must be signed.

e. Insurance Under Two or More Coverages

If two or more of this Coverage Part's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

f. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- (1) There has been full compliance with all the terms of this Coverage Part; and
- (2) The action is brought within 2 years after the date of the "Breakdown" to "Covered Equipment"; or
- (3) We agree in writing that you have an obligation to pay for damage to "Covered Property" of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this Coverage Part to bring us into any action to determine your liability.

g. Other Insurance

(1) You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the limit(s) of insurance of all insurance covering on the same basis.

(2) If there is other insurance covering the same loss or damage, other than that described in Paragraph **g.(1)** above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance under this Coverage Part.

h. Privilege to Adjust with Owner

In the event of loss or damage involving property of others in your care, custody

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or control, we have the right to settle the loss or damage with the owner of the property. A receipt for payment from the owner of that property will satisfy any claim of yours against us.

i. Reducing Your Loss

As soon as possible after a "Breakdown" to "Covered Equipment" you must:

- (1) Resume business, partially or completely;
- (2) Make up for lost business within a reasonable period of time. This reasonable period does not necessarily end when operations are resumed; and
- (3) Make use of every reasonable means to reduce or avert loss including:
 - (a) Working extra time or overtime at the "Covered Premises" or at another location you own or acquire to carry on the same operations;
 - (b) Utilizing the property or services of other concerns;
 - (c) Using merchandise or other property, such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain; and
 - (d) Salvaging the damaged "Covered Property".

j. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment.

That person or organization must do everything necessary to secure our rights and must do nothing after the loss to impair them.

However, you may waive your rights against another party in writing:

- (1) Prior to a loss to your "Covered Property" or covered income; or

(2) After a loss to your "Covered Property" or covered income only if, at the time of loss, that party is one of the following:

- (a) Someone insured by this Coverage Part;
- (b) A business firm:
 - (i) Owned or controlled by you; or
 - (ii) That owns or controls you; or
- (c) Your tenant.

This will not restrict your insurance.

k. Loss Payment

- (1) In the event of loss or damage covered by this Coverage Part, at our option, we will either:
 - (a) Pay the value of lost or damaged property;
 - (b) Pay the cost of repairing or replacing the lost or damaged property;
 - (c) Take all or any part of the property at an agreed or appraised value; or
 - (d) Repair, rebuild or replace the property with other property of like kind and quality.
- (2) We will give notice of our intentions within 30 days after we receive the proof of loss.
- (3) We will not pay more than your financial interest in the "Covered Property".
- (4) We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:
 - (a) You have complied with all of the terms of the Coverage Part; and
 - (b) We have reached agreement with you on the amount of loss or an appraisal award has been made and we have not denied the claim.

I. Valuation

We will determine the value of "Covered

Property" in the event of loss or damage as follows:

(1) At replacement cost as of the time of loss or damage, except as provided in Paragraphs I.(2), (4), (5), (6), (7), (9) and (10) below. However, we will not pay more for loss or damage on a replacement cost basis than the least of the following:

- (a) The Limit of Insurance applicable to the damaged "Covered Property";
- (b) The cost to repair the damaged "Covered Property";
- (c) The cost to replace the damaged "Covered Property" with other property of comparable material and quality intended to be used for the same purpose; or
- (d) The amount actually spent that is necessary to repair or replace the damaged "Covered Property".

But we will not pay for damaged "Covered Property" that is obsolete or useless to you.

(2) If "Covered Equipment" is valued at replacement cost, cannot be repaired and requires replacement you may choose to apply the following provision.

New Generation Coverage – You may replace damaged "Covered Equipment" with a newer generation "Covered Equipment" of the same capacity which improves the environment, increases efficiency or enhances safety. We will pay up to an additional 50% of the "Covered Property" damage amount for the "Covered Equipment". This additional amount is included in, and is not in addition to, the applicable Property Damage Limit of Insurance.

(3) Except for New Generation Coverage, you must pay the extra cost of replacing damaged "Covered Property" with property of a better kind or quality or of a larger capacity.

(4) If:

(a) Any damaged "Covered Property", that is intended for your use, is protected by an **extended warranty, or maintenance or service contract**; and

(b) That warranty or contract becomes void or unusable due to a "Breakdown" to "Covered Equipment";

we will reimburse you for the pro-rated amount of the unused costs of non-refundable, non-transferable warranties or contracts.

(5) Unless we agree otherwise in writing, if you do not repair or replace the damaged "Covered Property" within 24 months following the date of the "Breakdown" to "Covered Equipment", then we will pay only the smaller of the:

- (a) Cost it would have taken to repair the "Covered Property";
- (b) Cost it would have taken to replace the "Covered Property"; or
- (c) Actual cash value at the time of the "Breakdown" to "Covered Equipment".

(6) If all of the following conditions are met, "Covered Property" (including finished goods) held by you for sale except as identified in I.(7) below, will be valued at the selling price as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had:

- (a) The selling price of the "Covered Property" is more than the replacement cost of the "Covered Property"; and
- (b) You are unable to replace the "Covered Property" before its anticipated sale.

(7) We will determine the value of "Covered Property" that is being processed as follows:

- (a) For raw materials, the replacement cost; and
- (b) For goods in process, the replacement cost of the raw materials,

EQUIPMENT BREAKDOWN

the labor extended and the proper proportion of overhead charges.

(8) Any **salvage value** of property obtained for temporary repairs or use following a "Breakdown" to "Covered Equipment" which remains after repairs are completed will be taken into consideration in the adjustment of any loss.

(9) Pairs, Sets or Parts

(a) **Pairs or Sets.** In case of loss caused by a "Breakdown" to "Covered Equipment" to any part of a pair or set we may:

(i) Repair or replace any part to restore the pair or set to its value before the "Breakdown" to "Covered Equipment"; or

(ii) Pay the difference between the value of the pair or set before and after the "Breakdown" to "Covered Equipment".

(b) **Parts.** In case of loss caused by a "Breakdown" to "Covered Equipment" to any part of "Covered Property" consisting of several parts when complete, we will only pay for the value, as determined elsewhere in this Condition, of the lost or damaged part.

(10) Brands and Labels

(a) If branded or labeled merchandise that is "Covered Property" is damaged by a "Breakdown" to "Covered Equipment", we may take all or any part of the property at an agreed or appraised value. If we take such property, you may:

(i) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or

(ii) Remove the brands or labels if doing so will not physically

damage the merchandise. You must re-label the merchandise or its containers to comply with any law.

(b) We will pay the reasonable cost you incur to perform the activities described in Paragraphs (10)(a)(i) and (10)(a)(ii) above.

However, if costs identified in Paragraphs (10)(a)(i) and (10)(a)(ii) above are incurred as a result of damage as covered under the "Fungus", Wet Rot and Dry Rot Coverage Extension, Hazardous Substance Limitation, Refrigerant Contamination Limitation or Water Damage Limitation, such costs will be a part of, and not in addition to, the respective limits shown in the Declarations or elsewhere in this Coverage Part for the "Fungus", Wet Rot and Dry Rot Coverage Extension, Hazardous Substance Limitation, Refrigerant Contamination Limitation and Water Damage Limitation.

(11) Except as provided under Green Enhancements Coverage Extension, the cost to repair, rebuild or replace "Covered Property" does not include any increased cost incurred to re-attain a pre-loss level of "Green" certification from a "Green Authority".

m. The following conditions apply to the Business Income Coverage Extension only.

(1) Business Income Report of Values

You must report to us each year the "Business Income Estimated Annual Value" for each "Covered Premises" to which the Business Income Coverage Extension applies.

(2) Business Income Coinsurance

Unless Business Income Coinsurance is shown as Suspended in the Declarations or elsewhere in this Coverage Part, the Business Income loss is subject to a Coinsurance Percentage.

(a) If "Business Income Estimated Annual Values" have been reported for each "Covered Premises"

EQUIPMENT BREAKDOWN

affected by the "Breakdown" to "Covered Equipment":

- (i) For all "Covered Premises" affected by the "Breakdown" to "Covered Equipment" divide the "Business Income Estimated Annual Values" last reported to us by the "Business Income Actual Annual Values" at the time of the "Breakdown" to "Covered Equipment".
- (ii) If the percentage as calculated in Paragraph **m.(2)(a)(i)** above is less than the Coinsurance Percentage shown for Business Income in the Declarations or elsewhere in this Coverage Part, we will not pay the full amount of any Business Income loss. Instead we will determine the most we will pay using the following steps:
 - i. Multiply the amount of Business Income Loss by the Coinsurance Percentage determined in Paragraph **m.(2)(a)(i)** above;
 - ii. Subtract the applicable deductible from the amount determined in Paragraph **m.(2)(a)(ii)**i. above;

We will pay the amount determined in Paragraph **m.(2)(a)(ii)**ii., or the Limit of Insurance for Business Income shown in the Declarations or elsewhere in this Coverage Part, whichever is less.

- (b) If "Business Income Estimated Annual Values" have not been reported for each "Covered Premises" affected by the "Breakdown":
 - (i) Divide the Limit of Insurance shown in the Declarations or elsewhere in this Coverage

Part for the Business Income Coverage Extension by the "Business Income Actual Annual Values" at the time of the "Breakdown" to "Covered Equipment".

- (ii) If the percentage as calculated in Paragraph **m.(2)(b)(i)** above is less than the Coinsurance Percentage shown for Business Income in the Declarations or elsewhere in this Coverage Part, we will not pay the full amount of any Business Income loss.

Instead we will determine the most we will pay using the following steps:

- i. Multiply the amount of Business Income Loss by the Coinsurance Percentage determined in Paragraph **m.(2)(b)(i)** above;
- ii. Subtract the applicable deductible from the amount determined in Paragraph **m.(2)(b)(ii)**i. above;

We will pay the amount determined in Paragraph **m.(2)(b)(ii)**ii. above or the Limit of Insurance for Business Income shown in the Declarations or elsewhere in this Coverage Part, whichever is less.

2. General Conditions

a. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of any obligation under this Coverage Part.

b. Cancellation

As respects this Coverage Part, part 2. and part 5. of the **CANCELLATION** Condition of the Common Policy Conditions are replaced by the following:

- 2. We may cancel this Coverage Part by mailing or delivering to the first

EQUIPMENT BREAKDOWN

Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) The number of days shown in the Declarations or elsewhere in this Coverage Part for Notice of Cancellation before the effective date of cancellation if we cancel for any other reason.

5. If this Coverage Part is cancelled, we will send the first Named Insured any premium refund due. The refund will be pro rata. The cancellation will be effective even if we have not made or offered a refund.

c. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact by you or any other Insured, at any time, concerning:

- (1) This Coverage Part;
- (2) The "Covered Property";
- (3) Your interest in the "Covered Property"; or
- (4) A claim under this Coverage Part.

d. Currency

All amounts used herein are expressed in the currency of the United States of America and any loss sustained under this Coverage Part will be paid in the currency of the United States of America.

If, in the event of loss or damage, the amount of such loss or damage is computed in a foreign currency, the amount of such loss or damage will then be converted into the currency of the United States of America at the rate of exchange as specified in the Wall Street Journal as of the date the "Breakdown" to "Covered Equipment" occurred.

e. Jurisdictional Inspections

At your option, we will provide certificate-of-operation inspection services for boilers and other pressure vessels

where:

- (1) You have notified us of equipment that is insured under this Coverage Part and that requires a certificate-of-operation;
- (2) The certificate-of-operation is required by state, city or provincial law; and
- (3) The state, city or provincial law permits inspections by insurance company employees.

Certificate-of-operation inspection services will be provided only in the United States of America, Puerto Rico and Canada as allowed by state, city or provincial law.

f. Liberalization

If we adopt any standard form revision for general use that would broaden coverage under this Coverage Part without additional premium, the broadened coverage will immediately apply to this Coverage Part if the revision is effective within 45 days prior to or during the policy period.

g. No Benefit to Bailee

No person or organization, other than you, having custody of "Covered Property" will benefit from this insurance.

h. Policy Period, Coverage Territory

Under this Coverage Part:

- (1) We cover loss or damage commencing:
 - (a) During the policy period shown in the Declarations or elsewhere in this Coverage Part; and
 - (b) Within the Coverage Territory.
- (2) The Coverage Territory is:
 - (a) The United States of America (including its territories and possessions);
 - (b) Puerto Rico; and
 - (c) Canada.

i. Reporting of Values

You must report to us 100% of the total insurable values at each "Covered Premises" as of the inception date of

this Coverage Part and every subsequent year as of the anniversary date. The values must be reported separately for each of the coverages provided.

You agree to keep the applicable records for each policy year available for inspection by our representatives at all times during business hours, during the respective policy year, and for a period of 12 months after the end of the respective policy year or after cancellation of this Coverage Part.

j. Premium Adjustments

For policies with policy periods greater than 12 months, the premium will be calculated at each anniversary for the subsequent policy year on the basis of rates in effect at the anniversary date and for all values at risk as of that anniversary date.

k. Suspension

Whenever "Covered Equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance under this Coverage Part against loss from a "Breakdown" to that "Covered Equipment". This can be done by delivering or mailing a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the "Covered Equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "Covered Equipment".

If we suspend your insurance, you will receive a pro rata refund of premium for such suspension. But the suspension will be effective even if we have not yet made or offered a refund.

3. Joint or Disputed Loss Agreement

- a. This condition is intended to facilitate payment of insurance proceeds when:
 - (1) Both a commercial property policy and this Coverage Part are in effect;
 - (2) Damage occurs to "Covered Property" that is insured by the

commercial property policy and this Coverage Part; and

- (3) There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies or coverage parts.

b. This condition does not apply if:

- (1) Both the commercial property insurer and we do not admit to any liability; and
- (2) Neither the commercial property insurer nor we contend that coverage applies under the other insurer's Coverage Part.

c. The provisions of this condition apply only if all of the following requirements are met:

- (1) The commercial property policy carried by the Named Insured, insuring the "Covered Property", contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this condition; and
- (2) The damage to the "Covered Property" was caused by a loss for which:
 - (a) Both the commercial property insurer and we admit to some liability for payment under the respective policies; or
 - (b) There is disagreement between the insurers with respect to:
 - (i) Whether the damage to the "Covered Property" was caused by a "Breakdown" to "Covered Equipment" insured under this Coverage Part or by a covered cause of loss insured by the commercial property policy; or
 - (ii) The extent of participation of this Coverage Part and of such commercial property policy in a loss that is insured against, partially or wholly, by both this Coverage Part and such commercial property policy.

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- d.** If the requirements listed in Paragraph **c.** above are satisfied, the commercial property insurer and we will make payment per the following:
 - (1)** We will pay, after your written request, the entire amount of loss that we have agreed is covered, if any, by this Coverage Part and one-half (1/2) the amount of the loss that is in disagreement.
 - (2)** The commercial property insurer will pay, after your written request, the entire amount of loss that it has agreed is covered, if any, by the commercial property policy and one-half (1/2) the amount of loss that is in disagreement.
 - (3)** Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs **d.(1)** and **d.(2)**, do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
 - (4)** The amount in disagreement to be paid by us under this condition will not exceed the amount payable under the equivalent Loss Agreement of the commercial property policy.
 - (5)** The amount to be paid under this condition will not exceed the amount we would have paid had no commercial property policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.
 - (6)** Acceptance by you of sums paid under this condition does not alter, waive or surrender any other rights against us.

e. Arbitration

- (1)** The payments by the commercial property insurer and us hereunder and acceptance of those sums by you signify the agreement between the commercial property insurer and

us to proceed with arbitration within 90 days of such payment.

- (2)** The arbitrators will be three in number, one of whom will be appointed by us and one of whom will be appointed by the commercial property insurer and the third appointed by consent of the other two arbitrators.
- (3)** The decision by the arbitrators will be binding on the commercial property insurer and us and that judgment upon such award may be entered in any court of competent jurisdiction.
- (4)** You agree to cooperate in connection with such arbitration but not to intervene therein.

4. Statutes or Regulations

If any term or condition of this Coverage Part conflicts with any requirement of applicable statutory or regulatory law, such term or condition is amended to conform to that law.

5. Mortgageholders

- a.** The term – mortgageholder – includes trustee.
- b.** We will pay for direct damage to "Covered Property" due to a "Breakdown" to "Covered Equipment" to each mortgageholder shown in the Mortgagee Schedule forming a part of this Coverage Part in their order of precedence, as interests may appear.
- c.** The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the "Covered Property".
- d.** If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (1)** Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2)** Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership or material change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this Coverage Part, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we do not renew this Coverage Part, we will give written notice to the mortgageholder at least 10 days before the expiration date of this Coverage Part.

h. If we suspend coverage, it will also be suspended as respects the mortgageholder. We will give written notice of the suspension to the mortgageholder.

F. Definitions

The defined terms "Diagnostic Equipment", "Power Generating Equipment", and "Production Machines" do not appear in this Coverage Form, but may appear on the Declarations or in an endorsement added to this Coverage Part.

1. "Breakdown"

a. "Breakdown" means the following direct

physical loss that causes physical damage to "Covered Equipment" and necessitates its repair or replacement:

(1) Electrical failure including arcing;

(2) Failure of pressure or vacuum equipment; or

(3) Mechanical failure including rupture or bursting caused by centrifugal force;

unless such loss or damage is otherwise excluded within this Coverage Part or any Endorsement forming a part of this Coverage Part.

b. "Breakdown" does not mean or include:

(1) Cracking of any part of an internal combustion gas turbine exposed to the products of combustion;

(2) Defects, erasures, errors, limitations or viruses in "Computer Equipment", "Electronic Data", "Media" or programs, including the inability to recognize and process any date or time or provide instructions to "Covered Equipment". However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded;

(3) Functioning of any safety or protective device;

(4) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or

(5) Malfunction including adjustment, alignment, calibration, cleaning or modification.

2. "Business Income" means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including "Ordinary Payroll".

3. "Business Income Actual Annual Values" means the "Business Income" values for the 12 months prior to the "Breakdown" to "Covered Equipment".

4. "Business Income Estimated Annual Values" means the "Business Income" as estimated in the most recent Business Income

EQUIPMENT BREAKDOWN

Report of Values we have on file.

5. "Computer Equipment" means:

- a. Your programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission.

It does not include "Electronic Data" or "Media".

6. "Computer Program" means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enables the computer or device to receive, process, store, retrieve or send data.

7. "Covered Equipment"

- a. "Covered Equipment" means any:

- (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;
For any boiler or fired vessel, the furnace of the "Covered Equipment" and the gas passages from there to the atmosphere will be considered as outside the "Covered Equipment";
- (2) Communication equipment and "Computer Equipment";
- (3) Fiber optic cable; or
- (4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.

- b. "Covered Equipment" does not mean any:

- (1) Astronomical telescope, cyclotron used for other than medical purposes, nuclear reactor, particle accelerator used for other than medical purposes, satellites or spacecraft (including any "Covered Equipment" mounted on or used solely with any satellite or spacecraft);
- (2) Dragline, power shovel, excavation or construction equipment including any "Covered Equipment" mounted

on or used solely with any dragline, power shovel, excavation or construction equipment;

(3) Equipment or any part of equipment manufactured by you for sale;

(4) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, vacuum tube, gas tube, brush, or any other part or tool subject to periodic replacement;

(5) Insulating or refractory material;

(6) "Media";

(7) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;

(8) Pressure vessels or piping that are buried below, under or encased in ground, ice, sand, cement or other material and require the excavation of materials to inspect, remove, repair or replace;

(9) Structure, foundation, cabinet or compartment supporting or containing the "Covered Equipment" or part of the "Covered Equipment";

(10) Penstock, draft tube or well casing; or

(11) Vehicle, aircraft, self-propelled equipment or floating vessel including any "Covered Equipment" mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel.

However, any property that is stationary, permanently installed at a "Covered Premises" and that receives electrical power from an external power source will not be considered a vehicle, self-propelled equipment or floating vessel.

8. "Covered Premises" means at or within 1,000 feet of the insured location shown in the Declarations or elsewhere in this Coverage Part.

9. "Covered Property"

- a. "Covered Property" means any property that:
 - (1) You own; or
 - (2) Is in your care, custody or control and for which you are legally liable.
- b. "Covered Property" does not mean:
 - (1) Live mammals, fish, birds, reptiles, amphibians, insects, or eggs intended to become live mammals, fish, birds, reptiles, amphibians or insects; or
 - (2) "Electronic Data".

10. "Dependent Property" means property operated by others whom you depend on to:

- a. Deliver materials or services to you or to others for your account (Supplying Locations). But any property which delivers any of the following services is not a Supplying Location with respect to such "Utility Services": air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment.
- b. Accept your products or services (Recipient Locations);
- c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
- d. Attract customers to your business (Leader Locations).

11. "Diagnostic Equipment" means any machine, vessel or apparatus used solely for diagnosis, testing, research, medical, surgical, therapeutic, dental or pathological purposes.

12. "Electronic Data" means information, facts or "Computer Programs" stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment.

13. "Electronic Data Storage Provider" means any person or organization, other than an insured, that owns or operates self-service data storage or data processing services, which are provided through the internet or telecommunications lines, and with whom you have a contract to provide you with such services.

14. "Extra Expense" means the additional cost you necessarily incur to operate your business during the "Period of Restoration" over and above the cost that you normally would have incurred to operate the business during the same period had no "Breakdown" to "Covered Equipment" occurred.

Any salvage value of property obtained for temporary use during the "Period of Restoration" which remains after the resumption of normal operations will be taken into consideration in the adjustment of any loss.

15. "Fungus" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.

16. "Green" means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.

17. "Green Authority" means a recognized authority on "Green" building or "Green" products, materials or processes.

18. "Hacking Event" means an attack that allows unauthorized access or use of "Covered Equipment".

19. "Hazardous Substance" means any substance, other than refrigerants (including ammonia), that has been declared to be hazardous to health by a government agency.

20. "Media" means electronic data processing or storage material such as films, tapes, discs, drums or cells.

However, "Media" does not include any hard disk drive that is an internal component of "Computer Equipment".

21. "One Breakdown" means if an initial "Breakdown" causes other "Breakdowns", all will be considered "One Breakdown". All "Breakdowns" at any one "Covered Premises" that manifest themselves at the same time and are the direct result of the same cause will be considered "One Breakdown".

22. "Ordinary Payroll" means payroll expenses for all your employees except Officers,

EQUIPMENT BREAKDOWN

Executives, Department Managers, and Employees under contract. "Ordinary Payroll" expenses include payroll; employee benefits, if directly related to payroll; FICA payments; union dues; and Worker's Compensation premiums.

23. "Period of Restoration"

- a. "Period of Restoration" means the period of time that:
 - (1) Begins at the time of the "Breakdown" to "Covered Equipment"; and
 - (2) Ends on the earlier of:
 - (a) The date when the property at the "Covered Premises" should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (b) The date when business is resumed at a new permanent location.
- b. "Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
 - (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Hazardous Substance".
- c. "Period of Restoration" does not include any increased period required to re-attain a pre-loss level of "Green" certification from a "Green Authority". But this does not apply to any increase in the "Period of Restoration" otherwise insured under the Green Enhancements Coverage Extension.

24. "Period of Restoration for Dependent Property"

- a. "Period of Restoration for Dependent Property" means the period of time that:
 - (1) Begins at the time of direct physical loss or damage caused by or resulting from a "Breakdown" to "Covered

Equipment" at the premises of the "Dependent Property"; and

- (2) Ends on the date when the property at the premises of the "Dependent Property" should be repaired, rebuilt or replaced with reasonable speed and similar quality.

- b. "Period of Restoration for Dependent Property" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Hazardous Substance".

- 25. **"Perishable Goods"** means any "Covered Property" that is maintained under controlled environmental conditions and is susceptible to loss, damage, deterioration or impairment if the controlled conditions change.

- 26. **"Power Generating Equipment"** means any pressure, mechanical or electrical equipment, machinery or apparatus that is used in, or associated with, the generation of electric power. "Power Generating Equipment" does not mean any equipment, machinery or apparatus with less than or equal to 1000 kilowatts of capacity, which is used solely to generate emergency power.

- 27. **"Production Machines"** means any machine or apparatus that processes or produces a product, or part of a product, intended for eventual sale, including all component parts of such machine or apparatus and any other equipment used solely with such machine or apparatus.

However, "Production Machines" does not include any boiler, or fired or unfired pressure vessel.

- 28. **"Utility Services"** means air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment, including alternative power generation and alternative water systems.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPOILAGE DAMAGE AND REFRIGERANT CONTAMINATION SUBLIMITS

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

1. The following is added to Section **A. Coverage**,
**2. Coverage Extensions, c. Spoilage Damage
Coverage Extension (SD):**

The most we will pay under this Coverage Extension for spoilage damage to "Perishable Goods" is the Spoilage Damage Property Damage Limit shown in the Spoilage Damage Schedule below. This limit is part of, and is not in addition to, the Property Damage Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

2. The following is added to Section **A. Coverage**,
**2. Coverage Extensions, a. Business Income
Coverage Extension (BI):**

The most we will pay under this Coverage Extension for loss and expenses that you incur caused by spoilage damage to "Perishable Goods" is the Spoilage Damage Business Income Limit shown in the Spoilage Damage Schedule below. This limit is part of, not in addition to, the Business Income Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

3. The following is added to Section **A. Coverage**,
**2. Coverage Extensions, b. Extra Expense
Coverage Extension (EE):**

The most we will pay under this Coverage Extension for "Extra Expense" that you incur caused by spoilage damage to "Perishable Goods" is the Spoilage Damage Extra Expense Limit shown in the Spoilage Damage Schedule below. This limit is part of, not in addition to, the Extra Expense Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

4. The following replaces Section **C. Limits of
Insurance, 4. Limitations, b. Refrigerant
Contamination Limitation:**

b. Refrigerant Contamination Limitation

If "Covered Property" located at the "Covered

Premises" is contaminated by a refrigerant, including ammonia, as a direct result of a "Breakdown" to "Covered Equipment", the most we will pay for direct damage to that "Covered Property" caused by such refrigerant contamination, including salvage expense and any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property, is the Refrigerant Contamination Property Damage Limit shown in the Refrigerant Contamination Schedule below. This limit is part of, and is not in addition to, the Limit of Insurance for Property Damage shown in the Declarations or elsewhere in this Coverage Part.

The deductible for coverage under this Limitation is shown in the Declarations or elsewhere in this Coverage Part. If no deductible is shown in the Declarations or elsewhere in this Coverage Part for coverage under this Limitation, the deductible is INCLUDED within the Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the most we will pay under the applicable Coverage Extension for loss or expenses that you incur caused by refrigerant contamination, is the applicable Refrigerant Contamination Business Income Limit or Refrigerant Contamination Extra Expense Limit shown in the Refrigerant Contamination Schedule below.

These limits are part of, not in addition to, the Total Limit per Breakdown shown in the Declarations or elsewhere in this Coverage Part.

EQUIPMENT BREAKDOWN

SPOILAGE DAMAGE SCHEDULE

Spoilage Damage Property Damage Limit
\$1,750,000

Spoilage Damage Business Income Limit
INCLUDED IN SPOILAGE DAMAGE PD LIMIT

Spoilage Damage Extra Expense Limit
INCLUDED IN SPOILAGE DAMAGE PD LIMIT

REFRIGERANT CONTAMINATION SCHEDULE

Refrigerant Contamination Property Damage Limit
INCLUDED IN SPOILAGE DAMAGE LIMIT

Refrigerant Contamination Business Income Limit
INCLUDED IN SPOILAGE DAMAGE BI LIMIT

Refrigerant Contamination Extra Expense Limit
INCLUDED IN SPOILAGE DAMAGE EXTRA EXPENSE LIMIT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). "Act Of Terrorism" is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is 80% of the amount of such Insured Losses in excess of each Insurer's "Insurer

Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA).

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

The charge for such Insured Losses under this Coverage Part is included in the Coverage Part premium. The charge for such Insured Losses that has been included for this Coverage Part is indicated below, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA:

- 1% of your total Boiler and Machinery or Equipment Breakdown Coverage Part premium.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSUREDS, LOSS PAYEES OR MORTGAGEES – SPECIAL SCHEDULE

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

The following is added to Section **E. Conditions, 2.**
General Conditions:

Any Additional Insured, Loss Payee or Mortgagee that is on file with us is deemed to be individually named as such under this Policy.

At each anniversary of this Policy, an updated list of all Additional Insureds, Loss Payees and Mortgagees applicable for the upcoming policy year must be submitted.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIFIED PERILS EXCLUSION

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

The following replaces Section **B. Exclusions, 18.**

Specified Perils:

18. Specified Perils

A "Breakdown" to "Covered Equipment" that is the direct or indirect result of any of the following causes of loss:

- a. Aircraft or missiles;
- b. Civil commotion;
- c. Collapse;
- d. Freezing caused by cold weather;
- e. Lightning;
- f. Molten material;
- g. Objects falling from aircraft or missiles;
- h. Riot;
- i. Smoke;
- j. Vandalism;
- k. Vehicles, including any material carried in or on the vehicles; or
- l. Weight of snow, ice, sleet.

**INTERLINE
ENDORSEMENTS**

EXHIBIT 2

**INTERLINE
ENDORSEMENTS**

EXHIBIT 2

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF COMMON POLICY CONDITIONS – PROHIBITED COVERAGE – UNLICENSED INSURANCE AND TRADE OR ECONOMIC SANCTIONS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following is added to the Common Policy Conditions:

Prohibited Coverage – Unlicensed Insurance

1. With respect to loss sustained by any insured, or loss to any property, located in a country or jurisdiction in which we are not licensed to provide this insurance, this insurance does not apply to the extent that insuring such loss would violate the laws or regulations of such country or jurisdiction.
2. We do not assume responsibility for:
 - a. The payment of any fine, fee, penalty or other charge that may be imposed on any person or organization in any country or jurisdiction because we are not licensed to provide insurance in such country or jurisdiction; or
 - b. The furnishing of certificates or other evidence of insurance in any country or jurisdiction in which we are not licensed to provide insurance.

1. Any trade or economic sanction under any law or regulation of the United States of America; or
2. Any other applicable trade or economic sanction, prohibition or restriction.

Prohibited Coverage – Trade Or Economic Sanctions

We will provide coverage for any loss, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose us or any of our affiliated or parent companies to:

1. Any trade or economic sanction under any law or regulation of the United States of America; or
2. Any other applicable trade or economic sanction, prohibition or restriction.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CYBERFIRST ESSENTIALS GENERAL PROVISIONS FORM
CYBERFIRST GENERAL PROVISIONS FORM
DELUXE PROPERTY COVERAGE PART
EMPLOYEE BENEFITS LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EMPLOYMENT PRACTICES LIABILITY ⁺ WITH IDENTITY FRAUD EXPENSE REIMBURSEMENT
COVERAGE PART
ENVIRONMENTAL HAZARD POLICY
EQUIPMENT BREAKDOWN COVERAGE PART
EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE
EXCESS (FOLLOWING FORM) LIABILITY INSURANCE
LAW ENFORCEMENT LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MANUFACTURERS ERRORS AND OMISSIONS LIABILITY COVERAGE PART
MEDFIRST PRODUCTS/COMPLETED OPERATIONS, ERRORS AND OMISSIONS, AND
INFORMATION SECURITY LIABILITY COVERAGE FORM
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK DEPARTMENT OF
TRANSPORTATION
TRAVELERS PROPERTY COVERAGE PART
TRIBAL BUSINESS MANAGEMENT LIABILITY COVERAGE PART
Any other Coverage Part or Coverage Form included in this policy that is subject to the federal Terrorism
Risk Insurance Act of 2002 as amended

The following is added to this policy. This provision
can limit coverage for any loss arising out of a
"certified act of terrorism" if such loss is otherwise
covered by this policy. This provision does not apply if
and to the extent that coverage for the loss is
excluded or limited by an exclusion or other coverage
limitation for losses arising out of "certified acts of
terrorism" in another endorsement to this policy.

If aggregate insured losses attributable to "certified
acts of terrorism" exceed \$100 billion in a calendar
year and we have met our insurer deductible under
"TRIA", we will not be liable for the payment of any
portion of the amount of such losses that exceeds
\$100 billion, and in such case, insured losses up to
that amount are subject to pro rata allocation in
accordance with procedures established by the
Secretary of the Treasury.

"Certified act of terrorism" means an act that is
certified by the Secretary of the Treasury, in
accordance with the provisions of "TRIA", to be an act
of terrorism pursuant to "TRIA". The criteria contained
in "TRIA" for a "certified act of terrorism" include the
following:

1. The act resulted in insured losses in excess of \$5
million in the aggregate, attributable to all types of
insurance subject to "TRIA"; and
2. The act is a violent act or an act that is dangerous
to human life, property or infrastructure and is
committed by an individual or individuals as part
of an effort to coerce the civilian population of the
United States or to influence the policy or affect
the conduct of the United States Government by
coercion.

"TRIA" means the federal Terrorism Risk Insurance
Act of 2002 as amended.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – ACTUAL CASH VALUE

(Boiler And Machinery; Crime & Fidelity)

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value

applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE
FORM
STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.

B. The Concealment, Misrepresentation Or Fraud
Condition is replaced by the following with respect to loss ("loss") or damage caused by fire:

We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. That insured's ("insured's") interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

C. The Concealment, Misrepresentation Or Fraud
Condition is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:

This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. An insured's ("insured's") interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

D. Except as provided in E., the Appraisal Condition is replaced by the following:

If we and you disagree on the value of the property or the amount of loss ("loss"), either may

make written request for an appraisal of the loss ("loss"). If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

E. The Appraisal Condition in:

1. Business Income (And Extra Expense) Coverage Form **CP 00 30**; and
2. Business Income (Without Extra Expense) Coverage Form **CP 00 32**;

is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A

decision agreed to by any two will be binding.

Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and
umpire equally.

If there is an appraisal, we will still retain our right
to deny the claim.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs 2. and 3. of the Cancellation Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

(1) Nonpayment of premium; or

(2) Discovery of fraud by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

a. If this policy has been in effect for more than 60 days, or is a renewal of a policy

we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

- (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
- (2) Discovery of fraud or material misrepresentation by:
 - (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
- (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

(5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.

(6) A determination by the Commissioner of Insurance that the:

- (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
- (b) Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency.

(7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.

B. The following provision is added to the **Cancellation** Common Policy Condition:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in **b.** and **c.** below.

b. We may not cancel this policy solely because the first Named Insured has:

- (1) Accepted an offer of earthquake coverage; or
- (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction **(c.)** applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

- (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
- (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.

d. If a state of emergency under California Law is declared and the residential property is located in any ZIP Code within or adjacent to the fire perimeter, as determined by California Law, we may not cancel this policy for one year, beginning from the date the state of emergency is declared, solely because

the dwelling or other structure is located in an area in which a wildfire has occurred. However, we may cancel:

- (1)** When you have not paid the premium, at any time by letting you know at least 10 days before the date cancellation takes effect;
- (2)** If willful or grossly negligent acts or omissions by the Named Insured, or his or her representatives, are discovered that materially increase any of the risks insured against; or
- (3)** If there are physical changes in the property insured against, beyond the catastrophe-damaged condition of the structures and surface landscape, which result in the property becoming uninsurable.

C. The following is added and supersedes any provisions to the contrary:

Nonrenewal

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in **b.**, **c.** and **d.** below.

- b.** We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1)** The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;
- (2)** The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or
- (3)** We have:
 - (a)** Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
 - (b)** Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; andthe Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.
- c.** We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California

Earthquake Authority, that included an earthquake policy premium surcharge.

d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or

(2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

e. If a state of emergency under California Law is declared and the residential property is located in any ZIP Code within or adjacent to the fire perimeter, as determined by California Law, we may not nonrenew this policy for one year, beginning from the date the state of emergency is declared, solely because the dwelling or other structure is located in an area in which a wildfire has occurred.

However, we may nonrenew:

(1) If willful or grossly negligent acts or omissions by the Named Insured, or his or her representatives, are discovered that materially increase any of the risks insured against;

(2) If losses unrelated to the postdisaster loss condition of the property have occurred that would collectively render the risk ineligible for renewal; or

(3) If there are physical changes in the property insured against, beyond the catastrophe-damaged condition of the structures and surface landscape, which result in the property becoming uninsurable.

3. We are not required to send notice of nonrenewal in the following situations:

a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.

b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.

c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.

e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.

f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

POLICYHOLDER NOTICES

EXHIBIT 2

POLICYHOLDER NOTICES

EXHIBIT 2

PAGE 160



Dear Valued Customer,

Travelers Boiler & Machinery appreciates your Equipment Breakdown Insurance business. We understand that life and business are dynamic and the best way to serve you is to deliver highly-rated and customized services that behave the same way – evolving to keep in synch with life and business as they change.

Travelers Boiler & Machinery offers the following exceptional services as part of your insurance coverage:

ENGINEERING SERVICES

Proactive Boiler Inspections and Object Management

Travelers Boiler & Machinery performs inspections on boilers and pressure vessels as required by jurisdictions across the country. Travelers can help you with the identification of any boilers or pressure vessels which require inspection according to state or city laws. If your business has this equipment, we can perform the inspection. Speak with your Equipment Breakdown professional for more information.

Help Line Support for Inspections

When life is out of synch our Help Line staff is available to provide you with assistance on any questions, problems, or concerns about our engineering services. **To schedule an inspection or seek help with inspections, call toll-free at 1-800-425-4119.** We also provide you with dedicated support via fax at 1-877-764-9535 and offer our assistance via email at boilinsp@travelers.com. Support by phone, fax, and email are available between 8:00 a.m. to 5:00 p.m. Eastern Time.

Risk Control and Loss Prevention Information Warehouse

With 100 years of experience in the Equipment Breakdown Insurance business, Travelers Boiler & Machinery wants to share with you the broad range of innovative risk control and loss prevention solutions we have developed over the years. Travelers Boiler & Machinery also shares information such as preventive maintenance guidelines for machinery and equipment as well as workplace safety topics beyond just Boiler & Machinery. Our information can be accessed by calling **1-800-425-4119** or viewing our web site at www.travelers.com/riskcontrol.

CLAIM SERVICES

24/7/365 Claim Reporting

Travelers Boiler & Machinery offers you a variety of ways to report your claim and the peace of mind of knowing our local claim professionals manage claims with a blend of skill, tenacity, and common sense.

To report an Equipment Breakdown (Boiler and Machinery) loss:

- **Contact Your Agent**
- **Call toll-free at 1-800-238-6225; or**
- **Fax your loss information to us toll free at 1-877-QUIK-FAX (1-877-784-5329).**

Sharing our Experience

During the claim investigation process, our Claim Support Manager, claim staff and field engineers act as technical resources and help you by suggesting reputable repair companies and contractors in your area so you can get back up and running quickly. Speak with your claim professional for more information.

**IMPORTANT NOTICE – INDEPENDENT AGENT AND BROKER
COMPENSATION**

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

For information about how Travelers compensates independent agents and brokers, please visit www.travelers.com, call our toll-free telephone number 1-866-904-8348, or request a written copy from Marketing at One Tower Square, 2GSA, Hartford, CT 06183.



NOTICE TO POLICYHOLDERS JURISDICTIONAL INSPECTIONS

Dear Policyholder;

Many states and some cities issue certificates permitting the continued operation of certain equipment such as boilers, water heaters, pressure vessels, etc. Periodic inspections are normally required to renew these certificates. In most jurisdictions, insurance company employees who have been licensed are authorized to perform these inspections.

If:

- You own or operate equipment that requires a certificate from a state or city to operate legally, and
- We Insure that equipment under this Policy, and
- You would like us to perform the next required inspection;

Then;

Call this toll-free number – **1-800-425-4119**

When you call this number, our representative will ask you for the following information:

- Name of your business (as shown on this Policy)
- Policy Number
- Location where the equipment is located. Including Zip Code.
- Person to contact and phone number for scheduling of inspection
- Type of equipment requiring inspection
- Certificate inspection date and certificate number

Or;

Fill in the form on the reverse side of this notice and fax it to the toll-free number indicated on the form.

Please note the following:

- Your jurisdiction may charge you a fee for renewing a certificate. It is your responsibility to pay such a fee.
- All the provisions of the INSPECTIONS AND SURVEYS Condition apply to the inspections described in this notice.

REMINDER

If new equipment is installed or old equipment replaced that requires a jurisdictional inspection please let us know by calling our toll-free number listed above.

REQUEST FOR JURISDICTIONAL INSPECTION

Name of Business: _____ (As Shown on Policy)

Policy
Number:

Location of Equipment:

City _____ State _____ Zip Code _____

Person to Contact for Scheduling Inspection:

Telephone Number of Person to Contact:

Fax Form to 1-877-764-9535

Completed by: _____ Phone Number: _____

POLICY OVERPRINT PAGE 1 OF 1

POLICY NUMBER: BME1-1S904470-TIL-21

RATER: BME4 ISSUE DATE: 05/24/21

WINERIES

EFFECTIVE DATE: 04/15/21
EXPIRATION DATE: 04/15/22

INSUREDS NAME: RABBIT RIDGE WINE SALES, INC.;
ERICH RUSSELL & JOANNE

NEW/RENEWAL: N	PAYMODE: P
SOLICITOR CODE:	AUDIT FREQUENCY: N
SAI: 9936X2236	RESPONSIBILITY: F
MSI: Y	WATCH FILE: 0
RATING MODE: G	SURVEY CODE: 2
SPECIAL CODE: BA	REINSURANCE: N
PROGRAM CODE: NW5	AUTO FILINGS:
FEDERAL TAX ID:	

PREMIUM SUMMARY

S.B.	ACCOUNT MONTH	EFF. DATE	PREMIUM	NON PREMIUM	TOTAL
	0621	04/15/21	15,677.00	0.00	15,677.00

TOTAL:	15,677.00	0.00	15,677.00
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OFFICE: WALNUT CREEK 418
PRODUCER NAME: WORLDWIDE FACILITIES INS FN710

EXHIBIT 2

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PREMIUM SPLIT FORM PAGE 1 OF 1

POLICY NUMBER: BME1-1S904470-TIL-21

RATER: BME4 ISSUE DATE: 05/24/21

		COMM ITEM .1500 PREM	COMM ITEM	COMM ITEM	COMM ITEM
ACCOUNT MONTH	EFFECTIVE DATE	PREMIUM	PREMIUM	PREMIUM	PREMIUM
0621	04/15/21	15677			

OFFICE: WALNUT CREEK 418
PRODUCER NAME: WORLDWIDE FACILITIES INS

FN710

EXHIBIT 2

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Exhibit 3

IMPORTANT NOTICE:

- 1. The insurance policy that you are applying to purchase is being issued by an insurer that is not licensed by the State of California. These companies are called “nonadmitted” or “surplus line” insurers.**
- 2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.**
- 3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.**
- 4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or “surplus line” broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC’s internet website at www.naic.org. The NAIC—the National Association of Insurance Commissioners—is the regulatory support organization created and governed by the chief insurance regulators in the United States.**
- 5. Foreign insurers should be licensed by a state in the United States and you may contact that state’s department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.**

6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on the NAIC's International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or "surplus line" broker to obtain more information about that insurer.
7. California maintains a "List of Approved Surplus Line Insurers (LASLI)." Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance: www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm.
8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker's fee charged for this insurance will be returned to you.

D-2 (Effective January 1, 2020)

ADMIRAL INSURANCE COMPANY

A Delaware Corporation

COMMERCIAL LINES POLICY

THIS POLICY IS NOT OBTAINED PRIMARILY FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES.

THIS POLICY CONSISTS OF:

Declarations;

Common Policy Conditions; and

One or more Coverage Parts. A Coverage Part Consists of:

- One or more Coverage Forms; and
- Applicable Forms and Endorsements.

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.



W. Robert Berkley, Jr.
President



Philip S. Welt
Secretary

Administrative Office: 7233 E. Butherus Drive, Scottsdale, AZ 85260 (480) 509-6627

Policy Issuing Office: 1000 Howard Blvd., Suite 300, P.O. Box 5430, Mount Laurel, NJ 08054
Telephone (856) 429-9200 Facsimile (856)429-8611

Policy Number:

AI 80 00 09 20

Effective Date: 04/15/2021



Carrier: Admiral Insurance Company

Named Insured: RABBIT RIDGE WINE SALES, INC.

IMPORTANT – POLICYHOLDER NOTICES

Form Intentionally Left Blank

IMPORTANT NOTICE:

1. The insurance policy that you have purchased is being issued by an insurer that is not licensed by the State of California. These companies are called “nonadmitted” or “surplus line” insurers.
2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.
3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.
4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or “surplus line” broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC’s internet website at www.naic.org. The NAIC—the National Association of Insurance Commissioners—is the regulatory support organization created and governed by the chief insurance regulators in the United States.
5. Foreign insurers should be licensed by a state in the United States and you may contact that state’s department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.

- 6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on the NAIC's International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or "surplus line" broker to obtain more information about that insurer.**
- 7. California maintains a "List of Approved Surplus Line Insurers (LASLI)." Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance:www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm.**
- 8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker's fee charged for this insurance will be returned to you."**



COMMON POLICY
DECLARATIONS

Carrier: Admiral Insurance Company

Policy No.: CA000041568-01

Renewal/Rewrite of:

NEW

Named Insured and Mailing Address

RABBIT RIDGE WINE SALES, INC.
See Named Insured Endorsement AD0785 0195
13217 JAMBOREE ROAD SUITE 429
TUSTIN, CA 92782

POLICY PERIOD: From 04/15/2021 to 04/15/2022 At 12:01 A.M. Standard Time at the address of the **Named Insured** as stated herein

THE NAMED INSURED IS: Corporation

BUSINESS DESCRIPTION: Winery

AUDIT PERIOD: Annual

IN RETURN FOR THE PAYMENT OF THE PREMIUM AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGES FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

Commercial General Liability Coverage	\$7,700.00
Products/Completed Operations Liability Coverage	
Liquor Liability Coverage	\$935.00
	PREMIUM: \$8,635.00
	TERRORISM PREMIUM:
	TOTAL PREMIUM: \$8,635.00

Form(s) and Endorsement(s) made a part of this policy at inception:
REFER TO SCHEDULE OF FORMS, AI 00 18 03 98

This policy is not binding unless countersigned by Admiral Insurance Company or its authorized representative.

Countersigned On: 5/13/2021
At: Seattle, WA

By: 
Authorized Representative

THESE COMMON POLICY DECLARATIONS AND THE COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS (OR PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART DECLARATIONS), TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART(S), FORM(S) AND ENDORSEMENT(S), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

CA Surplus Lines Tax & Fee Breakdown

DE20010820

Premium:	\$	8,635.00
Company Fee:	\$	
Inspection Fee:	\$	
3% State Tax:	\$	259.05
.250% Stamping Fee:	\$	21.59
Broker Fee:	\$	350.00

Page 1 of 1

EXHIBIT 3
PAGE 174



**COMMERCIAL GENERAL LIABILITY
COVERAGE PART
DECLARATIONS**

CARRIER **Admiral Insurance Company**

POLICY NUMBER **CA000041568-01**

LIMITS OF INSURANCE

Each Occurrence Limit	\$	1,000,000	
General Aggregate Limit	\$	2,000,000	
(Other Than Products- Completed Operations)			
Products - Completed Operations Aggregate Limit	\$	2,000,000	
Personal and Advertising Injury Limit	\$	1,000,000	
Damage To Premises Rented To You Limit	\$	300,000	Any One Premises
Medical Expense Limit	\$	5,000	Any One Person
Assault and Battery Each Event Limit	\$	350,000	
Assault and Battery Aggregate Limit	\$	350,000	
Liquor Liability Each Common Cause Limit	\$	1,000,000	
Liquor Liability Aggregate Limit	\$	2,000,000	

PREMIUM

Classification	Code	Premium Basis	Rate	Per	Advance Premium
OPERATIONS RATED AS: WINE MANUFACTURING-STILL (CGL)	59964	\$3,500,000	\$2.20	\$1,000 Gross Sales	\$7,700.00
OPREATIONS RATED AS: WINE MANUFACTURERS AND DISTRIBUTORS (LIQUOR LIABILITY)	50913	\$2,000,000	\$0.47	\$1,000 Liquor Sales	\$935.00
				Total Advance Premium Minimum Term Premium	\$8,635.00 \$8,635.00

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

SCHEUDLE OF FORMS

Named Insured: RABBIT RIDGE WINE SALES, INC.

Policy No.: CA000041568-01

FORM NUMBER	TITLE
JA10010720	COVER JACKET - ADMIRAL INSURANCE COMPANY
AI07341219	CALIFORNIA DISCLOSURE NOTICE
DE20010820	COMMON POLICY DECLARATIONS
DE20020820	COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS
AI67040920	CLAIM REPORTING NOTICE ADDRESS INFORMATION
AI00180398	SCHEDULE OF FORMS
CG00010413	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
CG00330413	LIQUOR LIABILITY COVERAGE FORM
CG21060514	EXCLUSION-ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY - WITH LIMITED BODILY INJURY EXCEPTION
CG21320509	COMMUNICABLE DISEASE EXCLUSION
CG21490999	TOTAL POLLUTION EXCLUSION ENDORSEMENT
CG21500413	AMENDMENT OF LIQUOR LIABILITY EXCLUSION
CG21750115	EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES
CG24260413	AMENDMENT OF INSURED CONTRACT DEFINITION
CG24500615	LIMITED COVERAGE FOR DESIGNATED UNMANNED AIRCRAFT

IL00171198

COMMON POLICY CONDITIONS

IL00210702	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
AD06620204	EMPLOYEE BENEFITS LIABILITY COVERAGE CLAIMS MADE COVERAGE
AD07400207	CROSS LIABILITY EXCLUSION
AD07850195	NAMED INSURED ENDORSEMENT
AD08420216	BODILY INJURY REDEFINED
AD66090295	MINIMUM PREMIUM AND MINIMUM RETAINED PREMIUM AMENDATORY ENDORSEMENT
AD66110511	DEDUCTIBLE LIABILITY INSURANCE
AD68830413	LONG TERM EXPOSURE EXCLUSIONS JOINT FORM
AD68840411	DEDUCTIBLE LIABILITY INSURANCE APPLICABLE TO INDEMNITY AND EXPENSES
AD68860519	INJURY TO WORKERS EXCLUSION JOINT FORM
AD69170413	FIREARMS EXCLUSION LIMITED
AD69280319	ASSAULT OR BATTERY EVENT - LIMITED COVERAGE (CGL AND LIQUOR LIABILITY COVERAGE FORMS)
AD69320415	PREMIUM BASIS DEFINITION - LIQUOR SALES
AD68881213	SPECIAL EXCLUSIONS JOINT FORM OCCURRENCE VERSION
AD67480511	INTELLECTUAL PROPERTY EXCLUSION (AMENDED DEFINITION OF PERSONAL AND ADVERTISING INJURY)
AD67600415	PREMIUM BASIS DEFINITION-GROSS SALES
AD69850420	COMMUNICABLE DISEASE EXCLUSION (LIQUOR LIABILITY COVERAGE FORM)
AI07100818	SERVICE OF SUIT - CALIFORNIA

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CLAIM REPORTING NOTICE ADDRESS INFORMATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE FORM
LIQUOR LIABILITY COVERAGE FORM

It is agreed that the following is hereby added to SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS paragraph 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit:

e. You and any other involved insured must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. Notice must be given to:

Admiral Insurance Group, a Berkley Company
Attention: Claims Department,
Mt. Laurel Corporate Park,
1000 Howard Blvd., Suite 300,
P.O. Box 5430,
Mount Laurel, NJ 08054

Or E-mail to: admclaims@admiralins.com

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **V** – Definitions.

SECTION I – COVERAGES

COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

- b. This insurance applies to "bodily injury" and "property damage" only if:
 - (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) Prior to the policy period, no insured listed under Paragraph **1** of Section **II** – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **1** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **1** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
 - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
 - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
 - (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible; or

- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law here it is licensed or principally garaged; or
- (b) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;

- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

q. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

(4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section **III** – Limits Of Insurance.

COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-related

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

o. War

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

p. Recording And Distribution Of Material Or Information In Violation Of Law

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

COVERAGE C – MEDICAL PAYMENTS**1. Insuring Agreement**

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
 - (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;

provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
 - (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers' Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

- 1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
 - a. All expenses we incur.
 - b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
 - c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
 - d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
 - e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
 - f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
 - g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

- 2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and
 - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section I – Coverage A – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:
 - a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
 - (1) "Bodily injury" or "personal and advertising injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph **(1)(a)** above;
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph **(1)(a)** or **(b)** above; or

(d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by;
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by; you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

2. The General Aggregate Limit is the most we will pay for the sum of:

- a. Medical expenses under Coverage C;
- b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
- c. Damages under Coverage B.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. Subject to Paragraph 2. above, the Personal And Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

5. Subject to Paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

- a. Damages under Coverage A; and
- b. Medical expenses under Coverage C

because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

**SECTION IV – COMMERCIAL GENERAL
LIABILITY CONDITIONS**

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

**2. Duties In The Event Of Occurrence, Offense, Claim
Or Suit**

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

b. Excess Insurance

- (1) This insurance is excess over:

- (a) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
 - (iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.

- (b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

- (2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.
- (3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:
 - (a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
 - (b) The total of all deductible and self-insured amounts under all that other insurance.
- (4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. PremiumAudit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

- 1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
- 2. "Auto" means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or

b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
- c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
- b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b.** While it is in or on an aircraft, watercraft or "auto"; or
- c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b.** Vehicles maintained for use solely on or next to premises you own or rent;
- c.** Vehicles that travel on crawler treads;
- d.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1)** Power cranes, shovels, loaders, diggers or drills; or
 - (2)** Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2)** Cherry pickers and similar devices used to raise or lower workers;
- f.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

- (a)** Snow removal;
- (b)** Road maintenance, but not construction or resurfacing; or
- (c)** Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a.** False arrest, detention or imprisonment;
- b.** Malicious prosecution;
- c.** The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d.** Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e.** Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f.** The use of another's advertising idea in your "advertisement"; or
- g.** Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
 - (3) Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

- a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
 - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
- b. Includes:
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
 - (2) The providing of or failure to provide warnings or instructions.
 - c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2) The providing of or failure to provide warnings or instructions.

LIQUOR LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **V** – Definitions.

SECTION I – LIQUOR LIABILITY COVERAGE

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "injury" to which this insurance applies if liability for such "injury" is imposed on the insured by reason of the selling, serving or furnishing of any alcoholic beverage. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "injury" to which this insurance does not apply. We may, at our discretion, investigate any "injury" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

b. This insurance applies to "injury" only if:

- (1) The "injury" occurs during the policy period in the "coverage territory"; and

- (2) Prior to the policy period, no insured listed under Paragraph **1** of Section **II** – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "injury" or claim, knew that the "injury" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "injury" occurred, then any continuation, change or resumption of such "injury" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Injury" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **1** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "injury" or claim, includes any continuation, change or resumption of that "injury" after the end of the policy period.
- d. "Injury" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **1** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "injury" or claim:
 - (1) Reports all, or any part, of the "injury" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "injury"; or
 - (3) Becomes aware by any other means that "injury" has occurred or has begun to occur.

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Injury" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

c. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the "injury".

d. Liquor License Not In Effect

"Injury" arising out of any alcoholic beverage sold, served or furnished while any required license is not in effect.

e. Your Product

"Injury" arising out of "your product". This exclusion does not apply to "injury" for which the insured or the insured's indemnitees may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

f. Other Insurance

Any "injury" with respect to which other insurance is afforded, or would be afforded but for the exhaustion of the limits of insurance.

This exclusion does not apply if the other insurance responds to liability for "injury" imposed on the insured by reason of the selling, serving or furnishing of any alcoholic beverage.

g. War

"Injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

SUPPLEMENTARY PAYMENTS

We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

1. All expenses we incur.
2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
3. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
4. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.
7. Expenses incurred by the insured for first aid administered to others at the time of an event to which this insurance applies.

These payments will not reduce the limits of insurance.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" is an insured for:
 - (1) "Injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (a) above; or
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (a) or (b) above.
 - (2) "Property damage" to property:
 - (a) Owned or occupied by; or
 - (b) Rented or loaned;
to that "employee", any of your other "employees", by any of your partners or members (if you are a partnership or joint venture), or by any of your members (if you are a limited liability company).
 - b. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.

c. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

- 3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
 - b. Coverage does not apply to "injury" that occurred before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
- 2. The Aggregate Limit is the most we will pay for all "injury" as the result of the selling, serving or furnishing of alcoholic beverages.
- 3. Subject to the Aggregate Limit, the Each Common Cause Limit is the most we will pay for all "injury" sustained by one or more persons or organizations as the result of the selling, serving or furnishing of any alcoholic beverage to any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – LIQUOR LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Injury, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "injury" which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "injury" took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any "injury".
- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of "injury" to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary. Our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in **b.** below.

b. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. PremiumAudit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
2. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the "injury" occurs in the course of travel or transportation between any places included in Paragraph a. above; or
 - c. All other parts of the world if the "injury" arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above; or
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business;
- provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.
3. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

4. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
5. "Injury" means damages because of "bodily injury" and "property damage", including damages for care, loss of services or loss of support.
6. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
7. "Property damage" means:
 - a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the occurrence that caused it.
8. "Suit" means a civil proceeding in which damages because of "injury" to which this insurance applies are alleged. "Suit" includes:
 - a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
9. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
10. "Your product":
 - a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
 - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- (2) The providing of or failure to provide warnings or instructions.

- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**EXCLUSION – ACCESS OR DISCLOSURE OF
CONFIDENTIAL OR PERSONAL INFORMATION AND
DATA-RELATED LIABILITY – WITH LIMITED BODILY IN-
JURY EXCEPTION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion 2.p. of Section I – Coverage A – Bodily Injury And Property Damage Liability is replaced by the following:

2. Exclusions

This insurance does not apply to:

p. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

However, unless Paragraph (1) above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

B. The following is added to Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

Access Or Disclosure Of Confidential Or Personal Information

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMUNICABLE DISEASE EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

Communicable Disease

“Bodily injury” or “property damage” arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

B. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

Communicable Disease

“Personal and advertising injury” arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**TOTAL POLLUTION EXCLUSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion f. under Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

This insurance does not apply to:

f. Pollution

(1) "Bodily injury" or "property damage" which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF LIQUOR LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following replaces Exclusion c. under Paragraph 2.

Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person, including causing or contributing to the intoxication of any person because alcoholic beverages were permitted to be brought on your premises, for consumption on your premises;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or

(b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

This exclusion applies only if you:

- (1) Manufacture, sell or distribute alcoholic beverages;
- (2) Serve or furnish alcoholic beverages for a charge whether or not such activity:
 - (a) Requires a license;
 - (b) Is for the purpose of financial gain or livelihood;
- (3) Serve or furnish alcoholic beverages without a charge, if a license is required for such activity; or
- (4) Permit any person to bring any alcoholic beverages on your premises, for consumption on your premises.

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**EXCLUSION OF CERTIFIED ACTS OF TERRORISM
AND EXCLUSION OF OTHER ACTS OF TERRORISM
COMMITTED OUTSIDE THE UNITED STATES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

“Any injury or damage” arising, directly or indirectly, out of a “certified act of terrorism”, or out of an “other act of terrorism” that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the “coverage territory”. However, with respect to an “other act of terrorism”, this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds \$25,000,000 (valued in US dollars). In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ; or
3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an “other act of terrorism” and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

B. The following definitions are added:

1. For the purposes of this endorsement, “any injury or damage” means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to “bodily injury”, “property damage”, “personal and advertising injury”, “injury” or “environmental damage” as may be defined in any applicable Coverage Part.
2. “Certified act of terrorism” means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a “certified act of terrorism” include the following:
 - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
 - b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
 - (b) The premises of any United States mission; and
- c. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

3. “Other act of terrorism” means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a “certified act of terrorism”.

Multiple incidents of an “other act of terrorism” which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

C. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF INSURED CONTRACT DEFINITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The definition of "insured contract" in the **Definitions** section is replaced by the following:

"Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. However, such part of a contract or agreement shall only be considered an "insured contract" to the extent your assumption of the tort liability is permitted by law. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

LIMITED COVERAGE FOR DESIGNATED UNMANNED AIRCRAFT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Description Of Unmanned Aircraft
<ol style="list-style-type: none"> 1. Any "unmanned aircraft" operated under a FAA Section 333 Exemption. 2. Any "unmanned aircraft" weighing less than 4.4 pounds and operated under FAA Part 107 Rules. 3. Any "unmanned aircraft" that: <ol style="list-style-type: none"> a. Weighs less than 4.4 pounds; and b. Is operated at least 5 nautical miles away from an airport or heliport having an operational control tower or published instrument flight procedure; and c. Is operated at least 5 nautical miles away from a military base or national park; and d. Is operated at an altitude below 400 feet; and e. Is manually flown within the unaided (other than corrective lenses) visual line of sight of the remote pilot in command or the person manipulating the flight controls of the "unmanned aircraft". 4. Any other "unmanned aircraft" endorsed to this policy.
Description Of Operation(s) Or Project(s)
Operations directly related to the Business Description shown in the Declarations.
Limit Of Insurance
Unmanned Aircraft Liability Aggregate Limit: \$ Paragraph C. below does not apply. Please refer to Section III – Limits of Insurance .
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Exclusion 2.g. Aircraft, Auto Or Watercraft under **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

g. Aircraft, Auto Or Watercraft

(1) Unmanned Aircraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This Paragraph g.(1) applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

This Paragraph g.(1) does not apply to "unmanned aircraft" described in the Schedule, but only with respect to the operation(s) or project(s) described in the Schedule.

(2) Aircraft (Other Than Unmanned Aircraft), Auto Or Watercraft

“Bodilyinjury ” or “property damage” arising out of the ownership, maintenance, use or entrustment to others of any aircraft (other than “unmanned aircraft”), “auto” or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and “loading or unloading”.

This Paragraph g.(2) applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the “occurrence” which caused the “bodily injury” or “property damage” involved the ownership, maintenance, use or entrustment to others of any aircraft (other than “unmanned aircraft”), “auto” or watercraft that is owned or operated by or rented or loaned to any insured.

This Paragraph g.(2) does not apply to:

- (a) A watercraft while ashore on premises you own or rent;
- (b) A watercraft you do not own that is:
 - (i) Less than 26 feet long; and
 - (ii) Not being used to carry persons or property for a charge;
- (c) Parking an “auto” on, or on the ways next to, premises you own or rent, provided the “auto” is not owned by or rented or loaned to you or the insured;
- (d) Liability assumed under any “insured contract” for the ownership, maintenance or use of aircraft or watercraft; or
- (e) “Bodily injury” or “property damage” arising out of:
 - (i) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of “mobile equipment” if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
 - (ii) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of “mobile equipment”.

B. The following exclusion is added to Paragraph 2. Exclusions of Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

Unmanned Aircraft

“Personal and advertising injury” arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an “unmanned aircraft”. Use includes operation and “loading or unloading”.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the offense which caused the “personal and advertising injury” involved the ownership, maintenance, use or entrustment to others of any aircraft that is an “unmanned aircraft”.

This exclusion does not apply to:

- a. The use of another's advertising idea in your “advertisement”;
- b. Infringing upon another's copyright, trade dress or slogan in your “advertisement”; or
- c. “Unmanned aircraft” described in the Schedule, but only with respect to the operation(s) or project(s) described in the Schedule.

C. If an Unmanned Aircraft Liability Aggregate Limit is shown in the Schedule, the following provisions are added to Section III – Limits Of Insurance:

1. Subject to Paragraph 2. or 3. of Section III – Limits Of Insurance, whichever applies, the Unmanned Aircraft Liability Aggregate Limit shown in the Schedule is the most we will pay for the sum of:

- a. Damages under Coverage A;

- b. Damages under Coverage B; and

c. Medical expenses under Coverage C;

because of all “bodily injury”, “property damage” and “personal and advertising injury” arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an “unmanned aircraft”.

2. Paragraph 4., the Personal And Advertising Injury Limit, Paragraph 5., the Each Occurrence Limit, Paragraph 6., the Damage To Premises Rented To You Limit, and Paragraph 7., the Medical Expense Limit, of **Section III – Limits Of Insurance** continue to apply to “bodily injury”, “property damage” and “personal and advertising injury”, as applicable, arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an “unmanned aircraft” but only if, and to the extent that, a limit of insurance is available under the Unmanned Aircraft Liability Aggregate Limit.

D. The following definition is added to the **Definitions** section:

“Unmanned aircraft” means an aircraft that is not:

1. Designed;
2. Manufactured; or
3. Modified after manufacture;

to be controlled directly by a person from within or on the aircraft.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY ENDORSEMENT (BROAD FORM)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART

COMMERCIAL GENERAL LIABILITY COVERAGE PART

FARM COVERAGE PART

LIQUOR LIABILITY COVERAGE PART

OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART

POLLUTION LIABILITY COVERAGE PART

PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

PROFESSIONAL LIABILITY COVERAGE PART

RAILROAD PROTECTIVE LIABILITY COVERAGE PART

UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:
 - A. Under any Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
 - B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
- C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYEE BENEFITS LIABILITY COVERAGE CLAIMS MADE COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

1. Limits of Liability

\$1,000,000	each claim
\$2,000,000	aggregate

2. Deductible

\$5,000	each claim
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3. Numbers of Employees: All

Premium: \$ Included

4. Retroactive Date: 04/15/2021

I. COVERAGES

1. Insuring Agreement

We will pay those sums which you become legally obligated to pay as damages sustained by any employee, former employee, prospective employee or the beneficiaries or legal representatives thereof caused by your negligent act, error or omission or any other person for whose acts you are legally liable in the "administration" of your "Employee Benefits Programs" in the "policy territory". No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SUPPLEMENTARY PAYMENTS**.

We will have the right and duty to defend any suit seeking damages, except,

(a) the amount we will pay for damages is limited as described in **SECTION III-LIMITS OF INSURANCE**;

- (b) we may, at our discretion, investigate any negligent act, error or omission and settle any claim or suit that may result, and
- (c) our right and duty to defend ends when the applicable limit of insurance has been used up in the payment of judgments, settlements or

SUPPLEMENTARY PAYMENTS

This insurance applies to damages only if a claim for damages is first made against you during the policy period. If during this policy period you become aware of any occurrences or circumstances which might result in a claim or claims under this insurance and notice thereof is given to us as soon as practicable in accordance with Section IV, Conditions 2 of the policy, it is agreed that any subsequent claim arising out of such occurrences or circumstances, whether made during or after the expiration of this endorsement period (but no later than sixty days after the expiration of this endorsement period), shall be treated as a claim made during this endorsement period.

A claim by a person or organization seeking damages will be deemed to have been made when notice of such claim is received and recorded by you or by us, whichever comes first.

All claims for damages to the same person will be deemed to have been made at the time the first of those claims is made against you.

2. Exclusions

This insurance does not apply to:

- (a) Damages arising out of a negligent act, error or omission which:
 - (1) occurred prior to the policy period or the Retroactive Date shown in the Schedule, whichever is earlier; and
 - (2) you knew or should have known prior to the policy period might result in a claim;
- (b) damages due to any dishonest, fraudulent, criminal or malicious act;
- (c) damages due to libel, slander, discrimination, humiliation, emotional distress, harassment, or termination from employment;
- (d) injury to, or sickness, disease or death of any person, or to injury to or destruction of any tangible property, including the loss of use thereof;
- (e) any loss or claim arising out of failure of performance of any contract by an insurer;
- (f) your failure to comply with any law concerning workers' compensation, unemployment insurance, social security or disability benefits;
- (g) any claim based upon:
 - (1) failure of stock or other investments to perform as represented by you;
 - (2) advice given by you to an employee to participate or not to participate in stock subscription plans;
 - (3) the investment or non-investment of funds.

II. WHO IS AN INSURED

1. If you are designated in the Declarations as:

- (a) an individual, the person so designated but only with respect to the conduct of a business of which you are the sole proprietor, and your spouse with respect to the conduct of such a business;
- (b) a partnership or joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to their liability as such;
- (c) other than an individual, partnership, or joint venture, the organization so designated and any executive officer, director, or stockholder thereof while acting within the scope of their duties as such;

2. Each of the following is also an insured:

- (a) any of your employees authorized to act in the administration of your "Employee Benefits Programs", while acting within the scope of their duties in connection therewith; provided that the insurance shall not apply to any person included as a fiduciary un

der the Employee Retirement Income Security Act of 1974, including any amendments and regulations relating thereto, while acting in their capacity as such.

This insurance does not apply to loss arising out of the conduct of any partnership or joint venture in which you are a partner or member which is not designated in the policy as a "Named Insured".

III. LIMITS OF LIABILITY

The limit of liability stated in the Schedule of this endorsement as applicable to "each claim" is the limit of your liability for all damages included in each claim to which this insurance applies; provided that the term "each claim" includes all claims because of any loss or losses sustained by any one employee or former employee and the estate, heirs, legal representatives, beneficiaries or assigns of such employee or former employee, as the result of any act, error or omission or combination of related acts, errors or omissions.

Subject to the foregoing provisions respecting the limit of liability for "each claim", the limit of liability stated in the Schedule as "aggregate" is the total limit of our liability for all damages because of all losses under this insurance including all

SUPPLEMENTARY PAYMENTS.

The inclusion of this endorsement shall not increase our Limits of Liability as stated in the policy.

IV. ADDITIONAL CONDITIONS

All of the conditions of the policy apply except, as respects the insurance provided by this endorsement:

(a) Premium:

The premium stated in this endorsement is an estimated premium only. Upon termination of each annual period of this policy, you, on request, will furnish us with a statement of personnel changes, and the earned premiums shall be computed on the average number of employees at the beginning and end of such period. If the earned premium thus computed exceeds the estimated advance premium, you will pay the excess to us; if less, we will return to you the unearned portion subject to the Minimum Premium for this insurance.

(b) Your Duties in the event of Negligent Act, Error or Omission, Claim or Suit:

If any claim is made against you or if you learn of any occurrences or circumstances which might result in a claim hereunder, written notice shall be given by you as soon as practicable in accordance with the requirements of Condition 2 of the policy.

(c) The following Condition is added:

The Deductible amount shown in the Schedule of this endorsement shall apply to all payments (damages or supplementary payments) under this coverage. The terms and conditions of the Liability Deductible Endorsement attached to this policy apply to the Deductible for this coverage.

(d) The following Condition is added:

If the Retroactive Date shown in the Schedule is earlier than the policy period, this insurance is excess over any other similar insurance purchased by you that is effective prior to the beginning of the policy period. When this insurance is excess, all of the terms and conditions of Section IV-Condition 4.b. apply.

V. DEFINITIONS

When used in reference to this insurance:

"Employee Benefit Programs" means any of the following employee benefit plans and programs maintained for the benefit of your employees or former employees:

(a) group life insurance, group accident and health insurance, profit sharing plans, pension plans, employee stock subscription plans, workers' compensation, unemployment insurance, salary continuation plans, social security, disability benefits insurance and travel, savings or vacation plans; and

(b) any other employee benefit plan or program added to your "Employee Benefits Program" after the effective date of this endorsement provided that written notice is given to us within 30 days of the effective date thereof and provided further that such addition is endorsed on this policy.

"Administration" means:

- (a) providing interpretations and giving counsel to your employees regarding your "Employee Benefits Programs";
- (b) handling records in connection with your "Employee Benefits Programs";
- (c) the enrollment, termination or cancellation of employees under your "Employee Benefits Programs",

"Policy Territory" means the United States of America, its territories or possessions, or Canada.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CARE-FULLY.

CROSS LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART

It is agreed this insurance does not apply to:

(1) Any claim made or "suit" brought for damages or liability of any kind by any Named Insured or any "employee", "volunteer worker", "temporary worker", "executive officer", director, stockholder, partner or member of any Named Insured against any other Named Insured or any "employee", "volunteer worker", "temporary worker", "executive officer", director, stockholder, partner or member of any other Named Insured because of "bodily injury", "property damage" or "personal and advertising injury"; or

(2) Any claim made or "suit" brought for damages by the spouse, child, parent, brother or sister of any "employee", "volunteer worker", "temporary worker", "executive officer", director, stockholder, partner or member of any Named Insured as a consequence of (1) above.

It is further agreed the Company shall not have the obligation to indemnify, defend, adjust, investigate or pay any cost or expense of any kind for any claim made or "suit" brought which is excluded under the terms of this endorsement.

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NAMED INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

It is agreed the Named Insured as shown on the Common Policy Declarations is as follows:

RABBIT RIDGE WINE SALES, INC DBA: RABBIT RIDGE WINERY

NORTHERN HOLDING, LLC

SERRANO WINES, INC.

RUSSELL FAMILY VINEYARD DBA: THE RABBIT HOLE

JOANNE RUSSELL DBA: OLIVE DIVA

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BODILY INJURY REDEFINED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM (OCCURRENCE VERSION)

COMMERCIAL GENERAL LIABILITY COVERAGE FORM (CLAIMS-MADE)

PRODUCTS AND COMPLETED OPERATIONS LIABILITY COVERAGE FORM (OCCURRENCE VERSION)

PRODUCTS AND COMPLETED OPERATIONS LIABILITY COVERAGE FORM (CLAIMS-MADE VERSION)

LIQUOR LIABILITY COVERAGE (OCCURRENCE VERSION)

LIQUOR LIABILITY COVERAGE (CLAIMS-MADE)

OWNER'S AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE FORM

RAILROAD PROTECTIVE LIABILITY COVERAGE FORM

EXCESS LIABILITY COVERAGE FORM

UMBRELLA LIABILITY COVERAGE FORM

The definition of "bodily injury" in DEFINITIONS is amended as follows:

"Bodily injury" means physical injury, physical sickness or physical disease sustained by any one person, including death resulting from any of these at any time. "Bodily injury" does not include shock or emotional, mental or psychological distress, injury, trauma or anguish, or other similar condition, unless such condition results solely and directly from that one person's prior physical injury, physical sickness or physical disease otherwise covered under this insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**MINIMUM PREMIUM AND MINIMUM RETAINED
PREMIUM AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART

1. Condition 5. Premium Audit as shown in SECTION IV- CONDITIONS is deleted and replaced by the following condition:

5. Premium Audit

All premiums for this policy shall be computed in accordance with our rules, rates, rating plans, premiums and minimum premiums applicable to the Insurance afforded herein.

Premium designated in this policy as Advance Premium is a Deposit Premium which shall be credited to the amount of the earned premium due at the end of the policy period. At the close of each period (or part thereof terminating with the end of policy period), designated in the DECLARATIONS as the audit period, the earned premium shall be computed for such period and, upon notice thereof to the first Named Insured, shall become due and payable.

Should it become necessary to institute collection activities, including litigation, in order to collect the additional earned premium, then you shall be responsible for 100% of the expenses, fees and costs incurred by the Company in that regard plus any collectible interest. If the total computed earned premium for the policy period is less than the premium previously paid, then we shall receive and retain no less than the minimum premium(s) listed in the coverage part(s) attached hereto.

You shall maintain records of such information as is necessary for premium computation, and shall send copies of such records to us at the end of the policy period and at such times during the policy period as we may direct.

2. It is further agreed that Section A. Cancellation, paragraph 5. of the COMMON POLICY CONDITIONS IS amended to read as follows:

5. If the policy is cancelled, we will send the first Named Insured any premium refund due.

If we cancel, the refund will be the lesser of the pro rata of the actual earned premium or Minimum Premium. If the Named Insured cancels, the refund may be less than pro rata. However in no event shall we retain less than 25% of the Advance Premium shown in the DECLARATIONS.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE (APPLICABLE TO INDEMNITY AND EXPENSES)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE FORM

SCHEDULE

Coverage	Amount and Basis of Deductible	
	PER CLAIM	PER OCCURRENCE
Bodily Injury Liability	\$	\$
Property Damage Liability	\$	\$
Bodily Injury Liability and/or Property Damage Liability Combine	\$	\$ 5,000
Personal and Advertising Injury Liability	\$	\$ 5,000

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all “bodily injury”, “property damage” and “personal and advertising injury”, however caused. Damages includes any payments made under the Supplementary Payments provisions of this policy including, but not limited to, expenses we incur to investigate or settle a claim or to defend a “suit”):

No limitations

1. Our obligation under the Bodily Injury Liability, Property Damage Liability, and Personal and Advertising Injury Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.
Damages includes any payments made under the Supplementary Payments provisions of this policy including, but not limited to, expenses we incur to investigate or settle a claim, or to defend a “suit”.
2. The deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:
 - a. PER CLAIM BASIS. If the deductible amount indicated in the Schedule above is on a PER CLAIM basis, that deductible applies as follows:

- (1) Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";
- (2) Under Personal and Advertising Injury Liability Coverage, to all damages sustained by any one person because of "personal and advertising injury";
- (3) Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or
- (4) Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:
 - (a) "Bodily injury";
 - (b) "Property damage"; or
 - (c) "Bodily injury" and "property damage" combined as the result of any one "occurrence".

If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages.

With respect to "property damage" and "personal and advertising injury", person includes an organization.

b. PER OCCURRENCE BASIS. If the deductible amount indicated in the Schedule above is on a PER OCCURRENCE basis, that deductible amount applies as follows:

- (1) Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";
- (2) Under Personal and Advertising Injury Liability Coverage, to all damages sustained by any one person because of "personal and advertising injury";
- (3) Under Property Damage Liability Coverage, to all damages because of "property damage"; or
- (4) Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:
 - (a) "Bodily injury";
 - (b) "Property damage"; or
 - (c) "Bodily injury" and "property damage" combined,

as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

3. The terms of this insurance, including those with respect to:

- a.** Our right and duty to defend the insured against any "suits" seeking those damages; and
- b.** Your duties in the event of an "occurrence", claim, or "suit";

apply irrespective of the application of the deductible amount.

- 4.** We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.
- 5.** When used in this endorsement, damages include any payments made under the Supplementary Payments provisions of this policy including, but not limited to, expenses we incur to investigate or settle a claim or to defend a "suit".
- 6.** If you do not promptly reimburse us for any deductible amount owed, then any cost incurred by us in collection of the deductible amount will be added and applied in addition to the applicable deductible amount without any limitation. These costs include, but are not limited to, collection agency fees, attorney's fees and interest.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**LONG TERM EXPOSURE EXCLUSIONS – JOINT FORM**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE FORM
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE FORM
 RAILROAD PROTECTIVE LIABILITY COVERAGE FORM

ASBESTOS EXCLUSION (ABSOLUTE)

This insurance does not apply to liability, injury or damages of any kind, to include but not limited to “bodily injury”, “property damage” or “personal and advertising injury” including costs or expenses, actually or allegedly arising out of, related to, caused by, contributed to by, or in any way connected with actual, alleged or threatened past, present or future claims arising in whole or in part, either directly or indirectly, out of the mining, manufacturing, distribution, sale, resale, rebranding, installation, repair, removal, encapsulation, abatement, replacement or handling of, exposure to, testing for or failure to disclose the presence of asbestos, products containing asbestos, or products designed or used to protect from the inhalation, ingestion, contact with or other exposure to asbestos whether or not the asbestos is or was at any time airborne as a fume, dust, powder, fiber or particle, contained in a product, carried on clothing, inhaled, transmitted in any fashion or found in any form whatsoever.

It is further agreed that this insurance does not apply to any loss, cost or expense including but not limited to, payment for investigation or defense, fines, penalties, interest and other costs or expenses, arising out of or related to any:

- (1) Clean up or removal of asbestos or products and materials containing asbestos;
- (2) Such actions as may be necessary to monitor, assess and evaluate the release or threat of same, of asbestos or products and material containing asbestos;
- (3) Disposal of asbestos substances or the taking of such other action as may be necessary to temporarily or permanently prevent, minimize or mitigate damage to the public health or welfare or to the environment, which may otherwise result;
- (4) Compliance with any law or regulation regarding asbestos;
- (5) Existence, storage, handling or transportation of asbestos;
- (6) Any supervision, instructions, recommendations, warranties (express or implied), warnings or advice given or which should have been given.

We shall have no duty to investigate, defend or indemnify any insured against any loss, claim, “suit,” demand, fine or other proceeding alleging injury or damages of any kind, to include but not limited to “bodily injury,” “property damage,” or “personal and advertising injury” to which this endorsement applies.

LEAD EXCLUSION (ABSOLUTE)

This insurance does not apply to liability, injury or damages of any kind, to include but not limited to “bodily injury”, “property damage” or “personal and advertising injury” including costs or expenses, actually or allegedly arising out of, related to, caused by, contributed to by, or in any way connected with actual, alleged or threatened past, present or future claims arising in whole or in part, either directly or indirectly, out of the mining, manufacturing, distribution, sale, resale,

rebranding, installation, repair, removal, encapsulation, abatement, replacement or handling of, exposure to, ingestion of or testing for or failure to disclose the presence of lead, products containing lead, or products designed or used to protect from the inhalation, ingestion, contact with or other exposure to lead, whether or not the lead is or was at any time airborne as a fume, dust, powder, fiber or particle, contained in a product, carried on clothing, inhaled, transmitted in any fashion or found in any form whatsoever.

It is further agreed that this insurance does not apply to any loss, cost or expense, including but not limited to payment for investigation or defense, fines, penalties, interest and other costs or expenses, arising out of or related to any:

- (1) Clean up or removal of lead or products and materials containing lead;
- (2) Such actions as may be necessary to monitor, assess and evaluate the release or threat of same, of lead or products and material containing lead;
- (3) Disposal of lead substances or the taking of such other action as may be necessary to temporarily or permanently prevent, minimize or mitigate damage to the public health or welfare or to the environment, which may otherwise result;
- (4) Compliance with any law or regulation regarding lead;
- (5) Existence, storage, handling or transportation of lead;
- (6) Any supervision, instructions, recommendations, warranties (express or implied), warnings or advice given or which should have been given.

We shall have no duty to investigate, defend or indemnify any insured against any loss, claim, "suit," demand, fine or other proceeding alleging injury or damages of any kind, to include but not limited to "bodily injury," "property damage," or "personal and advertising injury" to which this endorsement applies.

MICROORGANISMS, BIOLOGICAL ORGANISMS OR ORGANIC CONTAMINANTS EXCLUSION (GENERAL LIABILITY BROAD FORM)

This insurance does not apply to:

- (1) Liability, injury or damages of any kind, to include but not limited to "bodily injury", "property damage" or "personal and advertising injury", including costs or expenses, actually or allegedly arising out of, related to, caused by, contributed to by, or in any way connected with actual, alleged or threatened past, present or future claims arising in whole or in part, either directly or indirectly, out of the exposure to, presence of, formation of, existence of or actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of any microorganisms, biological organisms or organic contaminants, including but not limited to mold, mildew, fungus, spores, yeast or other toxins, allergens, infectious agents, wet or dry rot or rust, or materials of any kind containing them at any time, regardless of the cause of growth, proliferation or secretion; or
- (2) Any loss, cost or expense arising out of any:
 - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of microorganisms, biological organisms or organic contaminants, including but not limited to mold, mildew, fungus, spores, yeast, or other toxins, allergens, infectious agents, wet or dry rot or rust, or any materials containing them at any time, regardless of the cause of growth, proliferation or secretion.
 - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of microorganisms, biological organisms or organic contaminants, including but not limited to mold, mildew, fungus, spores, yeast, or other toxins, allergens, infectious agents, wet or dry rot or rust, or any materials containing them at any time, regardless of the cause of growth, proliferation or secretion.

We shall have no duty to investigate, defend or indemnify any insured against any loss, claim, "suit" or other proceeding alleging injury or damages of any kind, to include but not limited to "bodily injury", "property damage" or "personal injury and advertising injury" to which this endorsement applies.

SILICA EXCLUSION (ABSOLUTE)

This insurance does not apply to liability, injury or damages of any kind, to include but not limited to “bodily injury”, “property damage” or “personal and advertising injury” including costs or expenses, actually or allegedly arising out of, related to, caused by, contributed to by, or in any way connected with actual, alleged, or threatened past, present or future claims arising in whole or in part, either directly or indirectly, out of the mining, manufacturing, distribution, sale, resale, rebranding, installation, repair, removal, encapsulation, abatement, replacement or handling of, exposure to, ingestion of, testing for or failure to disclose the presence of, failure to warn or advise of silica, products containing silica, or products designed or used to protect from the inhalation, ingestion, contact with or any other exposure to silica, whether or not the silica is or was at any time airborne as a fume, dust, powder, fiber or particle, contained in a product, carried on clothing, inhaled, transmitted in any fashion or found in any form whatsoever.

It is further agreed that this insurance does not apply to any loss, cost or expense including, but not limited to, payment for investigation or defense, fines, penalties, interest and other costs or expenses, arising out of or related to any:

- (1) Clean up or removal of silica or products and materials containing silica;
- (2) Such actions as may be necessary to monitor, assess and evaluate the release or threat of same, of silica or products and material containing silica;
- (3) Disposal of silica substances or the taking of such other action as may be necessary to temporarily or permanently prevent, minimize or mitigate damage to the public health or welfare or to the environment, which may otherwise result;
- (4) Compliance with any law or regulation regarding silica;
- (5) Existence, storage, handling or transportation of silica;
- (6) Any supervision, instructions, recommendations, warranties (express or implied), warnings or advice given or which should have been given.

We shall have no duty to investigate, defend or indemnify any insured against any loss, claim, “suit,” demand, fine or other proceeding alleging injury or damages of any kind, to include but not limited to “bodily injury,” “property damage,” or “personal and advertising injury” to which this endorsement applies.

ELECTROMAGNETIC RADIATION EXCLUSION (ABSOLUTE)

This insurance does not apply to:

1. “Bodily injury”, “property damage” or “personal and advertising injury”, including costs or expenses, arising out of, related to, caused by, contributed to by, or in any way connected with the actual or alleged exposure to, presence of, formation of or existence of “electromagnetic radiation”;
2. Any loss, claim, “suit”, cost or expense arising out of any request, demand, order, statutory, regulatory or governmental requirement that any insured or others for whom any insured is legally liable, test for, comply with standards for, monitor, clean up, remove, contain, treat, detoxify, neutralize, abate, mitigate or in any way respond to or assess the effects of “electromagnetic radiation”;
3. Any loss, claim, “suit”, cost or expense, including but not limited to fines or penalties, arising out of any failure to comply with any statutory, regulatory or governmental standards concerning acceptable levels of “electromagnetic radiation”;
4. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with Paragraphs 1., 2. or 3. above; or
5. Any obligation to share damages with or repay anyone else who must pay damages in connection with Paragraphs 1., 2., 3. or 4. above.

“Electromagnetic radiation” means any form of electrical and magnetic energy, or electric and magnetic field(s) within the electromagnetic spectrum, whether naturally occurring or artificially created, regardless of source, and includes, but is not limited to, radio frequency radiation.

We shall have no duty to investigate, defend or indemnify any insured against any loss, claim, “suit,” demand, fine or other proceeding alleging injury or damages of any kind, to include but not limited to “bodily injury,” “property damage,” or “personal and advertising injury” to which this endorsement applies.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE (APPLICABLE TO INDEMNITY AND EXPENSES)

This endorsement modifies insurance provided under the following:

LIQUOR LIABILITY COVERAGE FORM

SCHEDULE		
Location 1172 San Marcos Road Pasa Robles, CA 93446		
Coverage		Amount and Basis of Deductible
	PER CLAIM	PER COMMON CAUSE
Liquor Liability	\$	\$ 5,000

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for "injury", however caused. Damages includes any payments made under the Supplementary Payments provisions of this policy including, but not limited to, expenses we incur to investigate or settle a claim or to defend a "suit".):

A. Our obligation under the Liquor Liability Coverage to pay damages on your behalf applies only to the amount of damages in excess of any deductible amount stated in the Schedule above.

Damages includes any payments made under the Supplementary Payments provisions of this policy including, but not limited to, expenses we incur to investigate or settle a claim or to defend a "suit".

B. The deductible applies to the Liquor Liability Coverage and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:

1. PER CLAIM BASIS. If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies under Liquor Liability Coverage, to all "injuries" sustained by any one person or organization.

2. PER COMMON CAUSE BASIS. If the deductible amount indicated in the Schedule above is on a per common cause basis, that deductible amount applies under Liquor Liability Coverage to all damages because of "injury" as the result of the selling, serving or furnishing of any alcoholic beverage to any one person, regardless of the number of persons or organizations who sustain damages.

C. The terms of this insurance, including those with respect to:

1. Our right and duty to defend the insured against any "suit" seeking those damages; and
2. Your duties in the event of an "injury", claim or "suit"

apply irrespective of the application of the deductible amount.

D. We may pay any part or all of the deductible amount to effect settlement of any claims or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

E. When used in this endorsement, damages includes any payments made under the Supplementary Payments provisions of this policy including, but not limited to, expenses we incur to investigate or settle a claim or to defend a "suit".

F. If you do not promptly reimburse us for any deductible amount owed, then any cost incurred by us in collection of the deductible amount will be added and applied in addition to the applicable deductible amount without any limitation. These costs include, but are not limited to, collection agency fees, attorney's fees and interest.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INJURY TO WORKERS EXCLUSION – JOINT FORM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

**IMPORTANT NOTICE: THE FOLLOWING EXCLUSIONS APPLY ONLY IF THE BOX
ADJACENT TO THE EXCLUSION TITLE IS CHECKED.**

INJURY TO CONTRACTOR EXCLUSION

It is agreed this insurance does not apply to "bodily injury" or "personal and advertising injury" to:

1. Any "contractor";
2. Any "employee" of any "contractor"; or
3. The spouse, child, parent, brother, sister or registered domestic partner of that "contractor" or "employee" of that "contractor" as a consequence of Paragraph 1. or 2. above.

For the purposes of this endorsement, the term "contractor" means any independent contractor, subcontractor, sub-subcontractor or service provider:

1. Hired by you to perform work, operations or services for you or on your behalf; and
2. Hired by others to perform work, operations or services for you or on your behalf.

For the purposes of this endorsement, the term "employee" includes a leased worker, temporary worker, volunteer worker, borrowed worker, borrowed servant, casual laborer, apprentice, intern or any other person performing work, operations or services for any "contractor".

This exclusion applies:

1. Whether the insured may be liable as an employer or in any other capacity; and
2. To any obligation to share damages with or repay someone else who must pay damages because of the injury or damage.

We shall have no duty to investigate, defend or indemnify any insured against any loss, claim, "suit," demand, fine or other proceeding alleging injury or damages of any kind, to include but not limited to "bodily injury" or "personal and advertising injury", to which this endorsement applies.

INJURY TO TEMPORARY, VOLUNTEER OR CASUAL WORKER EXCLUSION

This insurance does not apply to "bodily injury" or "personal and advertising injury" to any:

1. "Temporary worker";
2. "Volunteer worker";
3. "Casual worker"; or
4. The spouse, child, parent, brother, sister or registered domestic partner of that worker as a consequence of Paragraph 1., 2. or 3. above.

For the purposes of this endorsement only, "temporary worker" means:

A person who is furnished to any insured to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions; however, "temporary worker" does not include a person who is furnished to any insured by a labor union to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions. For the purposes of this endorsement only, "casual worker" means:

1. A person, other than a person furnished to you by a labor union, who acts at the direction of and within the scope of duties determined by any insured, and is employed by any insured for a short time and for a limited and temporary purpose; or
2. A person for whom any insured, or a labor leasing firm acting on behalf of any insured, does not withhold federal income taxes and pay federal unemployment tax.

We shall have no duty to investigate, defend or indemnify any insured against any loss, claim, "suit," demand, fine or other proceeding alleging injury or damages of any kind, to include but not limited to "bodily injury" or "personal and advertising injury" to which this endorsement applies.

INJURY TO LEASED WORKER EXCLUSION

This insurance does not apply to "bodily injury" or "personal and advertising injury" to:

1. Any "leased worker"; or
2. The spouse, child, parent, brother, sister or registered domestic partner of that "leased worker" as a consequence of Paragraph 1. above.

This exclusion applies:

1. Whether the insured may be liable as an employer or in any other capacity; and
2. To any obligation to share damages with or repay someone else who must pay damages because of the injury or damage.

We shall have no duty to investigate, defend or indemnify any insured against any loss, claim, "suit," demand, fine or other proceeding alleging injury or damages of any kind, to include but not limited to "bodily injury" or "personal and advertising injury" to which this endorsement applies.

ABSOLUTE EMPLOYERS LIABILITY EXCLUSION

Commercial General Liability Coverage Form Section I Coverage A Exclusion e. is deleted in its entirety and replaced by the following:

e. Employer's Liability

"Bodily injury" to:

- (1) Any "employee" of any insured arising out of and in the course of:
 - (a) Employment by any insured; or
 - (b) Performing duties related to the conduct of any insured's business; or
- (2) The spouse, child, parent, brother, sister or registered domestic partner of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

- (1) Whether any insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

It is further agreed that Definition 9. Paragraph f. is amended to include the following subparagraph (4):

- (4) Under which any insured assumes liability for "bodily injury" to an "employee" of any insured arising out of and in the course of employment by any insured or performing duties related to the conduct of any insured's business; or to the spouse, child, parent, brother, sister or registered domestic partner of that "employee".

We shall have no duty to investigate, defend or indemnify any insured against any loss, claim, "suit," demand, fine or other proceeding alleging injury or damages of any kind, to include but not limited to "bodily injury" to which this endorsement applies.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**FIREARMS EXCLUSION (LIMITED)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE FORM

This insurance does not apply to liability, injury or damages of any kind, including but not limited to "bodily injury", "property damage" or "personal and advertising injury" arising out of, related to, based upon, attributable to, caused by, contributed to by, or resulting from the use, ownership, display, brandishing, possession or discharge of a firearm by or on behalf of:

- (1) Any insured, including but not limited to any "employee" of any insured, whether or not acting within the scope of his or her employment;
- (2) Any "temporary worker", "casual worker" or "volunteer worker", whether or not working within the scope of their duties as your "temporary worker", "casual worker" or "volunteer worker"; or
- (3) Any person or organization hired directly or indirectly by you or on your behalf and performing site and/or personnel security services, activities or operations.

This insurance does not apply even if the claims against any insured or any person or entity acting on behalf of any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others.

For the purposes of this endorsement, this insurance does not apply to any liability for damages of any kind any insured assumes under an "insured contract".

For the purposes of this endorsement, "casual worker" means:

1. A person, other than a person furnished to you by a labor union, who acts at the direction of and within the scope of duties determined by any insured, and is employed by any insured for a short time and for a limited and temporary purpose; or
2. A person for whom any insured, or a labor leasing firm acting on behalf of any insured, does not withhold federal income taxes and pay federal unemployment tax.

We shall have no duty to investigate, defend or indemnify any insured against any loss, claim, "suit," demand, fine or other proceeding alleging injury or damages of any kind, to include but not limited to "bodily injury," "property damage," or "personal and advertising injury" to which this endorsement applies.

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ASSAULT OR BATTERY EVENT –
LIMITED COVERAGE
(CGL AND LIQUOR LIABILITY COVERAGE FORMS)**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM
LIQUOR LIABILITY COVERAGE FORM

Schedule

Sub-Limits of Insurance:

\$350,000 Each Event (Included in the Each Occurrence Limit shown in the Declarations)

\$350,000 Aggregate (Included in the General Aggregate Limit shown in the Declarations)

The Sub-Limits of Insurance shown above are included within and not in addition to the Each Occurrence Limit and General Aggregate Limit shown in the Declarations.

Supplementary Payments will reduce the Each Event and Aggregate Sub-Limits of Insurance shown above.

- A.** Except to the extent coverage is afforded under **COVERAGE D** below, this insurance does not apply to “bodily injury”, “property damage”, “personal and advertising injury”, “injury” or damages of any kind, including costs or expenses, actually or allegedly arising out of, related to, caused by, contributed to by, or in any way connected with:
 - 1. The actual, alleged or threatened assault or battery by anyone of any person while on or adjacent to the premises of any insured; or
 - 2. The actual, alleged or threatened assault or battery by anyone of any person if in any way connected with the operations of any insured; or
 - 3. The negligent employment, negligent investigation, negligent supervision, negligent reporting to the proper authorities or failure to so report, negligent retention or negligent hiring by any insured or any person or entity for whom any insured is or ever was legally responsible in claims alleging actual, alleged or threatened assault or battery by anyone of any person; or
 - 4. The failure of any insured or any person or entity for whom any insured is or ever was legally responsible to prevent, suppress, mitigate or respond to actual, alleged or threatened assault or battery by anyone of any person; or
 - 5. The failure of any insured or any person or entity for whom any insured is or ever was legally responsible to provide an environment safe from assault or battery, or to warn of the dangers of the environment which could lead to or contribute to assault or battery; or
 - 6. The assumption of the tort liability of another by any insured in any contract or agreement, including an “insured contract”, if the claim arises out of Paragraphs **1** through **5** above.
- B.** When Paragraph **A.** above applies, Exclusion **a.** Expected Or Intended Injury of SECTION **I**, Paragraph **2.** Exclusions is deleted in its entirety.



- C. When Paragraph A. above applies, the following enumerated offenses of the definition of "personal and advertising injury" are deleted:
 - a. False arrest, detention or imprisonment.
 - b. Malicious prosecution.
 - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor.
 - d. Oral or written publication, in any manner, of material that violates a person's right of privacy.
- D. We shall have no duty to investigate, defend, or indemnify any insured, indemnitee or another party against any loss, claim, "suit" or other proceeding alleging "bodily injury", "property damage", "personal and advertising injury", "injury" or damages of any kind to which Paragraph A. above applies.

COVERAGE D – ASSAULT OR BATTERY EVENT LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" caused by an "assault or battery event" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" caused by an "assault or battery event" to which this insurance does not apply. We may, at our discretion, investigate any "assault or battery event" and settle any claim or "suit" that may result. But:
 - (1) The amount we will pay for damages is limited as described in Paragraph 3. Sub-Limits of Insurance below; and
 - (2) Our right and duty to defend ends when we have used up the applicable sub-limit of insurance in the payment of judgments, settlements or Supplementary Payments under the insurance provided by this endorsement.No other obligation or liability to pay sums or perform acts or services is covered.
- b. The insurance provided by this endorsement applies to "bodily injury" caused by an "assault or battery event" only if:
 - (1) The "bodily injury" is caused by an "assault or battery event" that takes place in the "coverage territory";
 - (2) The "bodily injury" first occurs during the policy period; and
 - (3) Prior to the policy period, no insured listed under Paragraph 1. of SECTION II – WHO IS AN INSURED and no "employee" authorized by you to give or receive notice of an "assault or battery event" or claim, knew that the "bodily injury" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" occurred, then any continuation, change or resumption of such "bodily injury" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of SECTION II – WHO IS AN INSURED or any "employee" authorized by you to give or receive notice of an "assault or battery event" or claim, includes any continuation, change or resumption of that "bodily injury" after the end of the policy period.
- d. "Bodily injury" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of SECTION II – WHO IS AN INSURED or any "employee" authorized by you to give or receive notice of an "assault or battery event" or claim:
 - (1) Reports all, or any part, of the "bodily injury" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury"; or
 - (3) Becomes aware by any other means that "bodily injury" has occurred or has begun to occur.
- e. Damages because of "bodily injury" caused by an "assault or battery event" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

All exclusions applicable to COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY and to LIQUOR LIABILITY COVERAGE also apply to the insurance provided by this endorsement.

3. Sub-Limits of Insurance

- a. The Assault or Battery Sub-Limits of Insurance shown above and the rules below fix the most we will pay regardless of the number of:
 - (1) Insureds;
 - (2) Claims made or "suits" brought; or
 - (3) Persons or organizations making claims or bringing "suits".
- b. The Aggregate Sub-Limit shown above is the most we will pay for all "bodily injury" and Supplementary Payments as a result of all "assault or battery events", regardless of the number of Coverage Forms made part of this policy.
- c. Subject to the Aggregate Sub-Limit shown above, the Each Event Sub-Limit is the most we will pay for all "bodily injury" sustained by any one or more persons or organizations as the result of an "assault or battery event", regardless of the number of Coverage Forms made part of this policy. Supplementary Payments reduce the Each Event Sub-Limit.

4. Who Is An Insured

- a. With respect to insurance provided by this endorsement, SECTION II – WHO IS AN INSURED does not include any person who actually committed the "assault or battery event", aided and abetted others in the commission of the "assault or battery event", or directed, encouraged or coerced others to commit the "assault or battery event".

5. Definition

- a. "Assault or battery event" means any act that includes physical assault or physical battery committed against an individual person by anyone. More than one "assault or battery event" committed against the same person will be deemed to be a single "assault or battery event".

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREMIUM BASIS DEFINITION – LIQUOR SALES

This endorsement modifies insurance provided under the following:

LIQUOR LIABILITY COVERAGE FORM

When used as a Premium Basis, the following definition applies.

Liquor Sales

1. Definition

Liquor Sales means the gross amount charged by the named insured, concessionaires of the named insured or by others trading under the insured's name for alcoholic beverages.

2. Inclusions

The following items shall not be deducted from gross sales:

- a. Trade or cash discounts.
- b. Bad debts.

3. Exclusions

The following item shall be deducted from gross sales:

- a. Sales or excise taxes which are collected and submitted to a governmental division.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL EXCLUSIONS – JOINT FORM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM (OCCURRENCE VERSION)

PRE-EXISTING DAMAGE EXCLUSION

It is agreed under **Section 1 Coverages, Coverage A Bodily Injury and Property Damage Liability, 1. Insuring Agreement**, Paragraphs **b** (3), **c** and **d** are deleted in their entirety and the following exclusion is added to this policy:

This insurance does not apply to:

1. Any damages arising out of or related to “bodily injury” or “property damage”, whether such “bodily injury” or “property damage” is known or unknown,
 - (a) which first occurred prior to the inception date of this policy (or the retroactive date of this policy, if any; whichever is earlier); or
 - (b) which are, or are alleged to be, in the process of occurring as of the inception date of the policy (or the retroactive date of this policy, if any; whichever is earlier) even if the “bodily injury” or “property damage” continues during this policy period.
2. Any damages arising out of or related to “bodily injury” or “property damage”, whether known or unknown, which are in the process of settlement, adjustment or “suit” as of the inception date of this policy (or the retroactive date of this policy, if any; whichever is earlier).

We shall have no duty to defend any insured against any loss, claim, “suit”, or other proceeding alleging damages arising out of or related to “bodily injury” or “property damage” to which this endorsement applies.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

A. The following exclusion is added to Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability**:

This insurance does not apply to:

“Bodily injury” to:

- (1) A person arising out of any “wrongful employment act(s)”; or
- (2) The spouse, child, parent, brother, sister or registered domestic partner of that person as a consequence of “bodily injury” to that person at whom any of the “wrongful employment act(s)” described in Paragraph (1) above is directed.

This exclusion applies:

- (1) Whether any insured may be liable as an employer or in any other capacity;
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury; and
- (3) Whether the “wrongful employment act(s)” occurs before employment, during employment or after employment of that person.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

This insurance does not apply to:

“Personal and advertising injury” to:

- (1) A person arising out of any “wrongful employment act(s)”; or
- (2) The spouse, child, parent, brother, sister or registered domestic partner of that person as a consequence of “personal and advertising injury” to that person at whom any of the “wrongful employment act(s)” described in Paragraph (1) above is directed.

This exclusion applies:

- (1) Whether any insured may be liable as an employer or in any other capacity;
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury; and
- (3) Whether the “wrongful employment act(s)” occurs before employment, during employment or after employment of that person.

C. Additional Definitions:

- (1) “Wrongful employment act(s)” means any of the following actual, alleged or related acts committed by or on behalf of any insured arising out of a potential, actual or post employment relationship with any person:
 - (a) Discrimination or harassment because of race, color, religion, age, sex, disability, pregnancy, national origin, sexual orientation, marital status, or any other basis prohibited by law which results in termination of the employment relationship, or demotion, or failure or refusal to hire or promote, or failure to accommodate an “employee” or potential “employee”, or denial of an employment privilege, or the taking of any adverse or differential employment action; or
 - (b) Sexual harassment including unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature that is made a condition of employment, is used as a basis for employment decisions, or creates an intimidating, hostile or offensive work environment that interferes with work performance; or
 - (c) Termination, constructive discharge, wrongful failure to hire, wrongful demotion, retaliation, misrepresentation, infliction of emotional distress, defamation, invasion of privacy, humiliation, wrongful evaluation, or breach of an implied contract or agreement relating to employment, whether arising out of any personnel manual, policy statement or oral representation; or
 - (d) Physical assault or battery, or any other similar behavior that creates an intimidating, hostile, offensive or dangerous work environment; or
 - (e) Training or failing to train any “employee” in accordance with any applicable federal, state or local law, regulation, ordinance, rule, guidance document or policy directive governing any act described in Paragraph C. (1) (a) through Paragraph C. (1) (d) above; or
 - (f) Failure to comply with any applicable federal, state or local law, regulation, ordinance, rule, guidance document or policy directive related to the prevention of any act described in Paragraph C. (1) (a) through Paragraph C. (1) (d) above; or
 - (g) malicious prosecution.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INTELLECTUAL PROPERTY EXCLUSION

(AMENDED DEFINITION OF PERSONAL AND ADVERTISING INJURY)

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

I. SECTION I – COVERAGES – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY
Exclusion **i.** is deleted in its entirety and replaced by the following:

- i.** “Personal and advertising injury” arising out of:
 - (1)** Any infringement, disparagement, dilution or diminution of or damage to:
 - (a)** Copyright, slogan or title;
 - (b)** Patent;
 - (c)** Trademark, service mark, service name, collective mark or certification mark, including without limitation any word, name, symbol, device or any combination thereof used to identify or distinguish the origin of a good, product or service;
 - (d)** Trade secret or practice;
 - (e)** Trade dress, including without limitation any shape, color, design or appearance used to distinguish the origin of a good, product or service;
 - (f)** Advertising ideas, concepts, campaigns, or style of doing business; or
 - (g)** Any other proprietary property rights or intellectual property rights recognized or implied by law.

- (2)** Any false designation of the origin of a good, product or service.
- (3)** Any deceptive, false, fraudulent, misleading, unfair, unlawful or untrue business act or practice.

II. The definition of “personal and advertising injury” in the DEFINITIONS section of the COMMERCIAL GENERAL LIABILITY COVERAGE FORM is deleted in its entirety and replaced by the following:

“Personal and advertising injury” means injury, including consequential “bodily injury”, arising out of one or more of the following offenses:

- a.** False arrest, detention or imprisonment;
- b.** Malicious prosecution;
- c.** The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d.** Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e.** Oral or written publication of material that violates a person's right of privacy.

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PREMIUM BASIS DEFINITION – GROSS SALES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

When used as a Premium Basis, the following definition applies.

Gross Sales

1. Definition

Gross Sales means the gross amount charged by the named insured, concessionaires of the named insured or by others trading under the insured's name for:

- a. All goods or products sold or distributed.
- b. Operations performed during the policy period.
- c. Rentals.
- d. Dues or fees.

2. Inclusions

The following items shall not be deducted from gross sales:

- a. Foreign exchange discounts.
- b. Freight allowance to customers.
- c. Total sales of consigned goods and warehouse receipts.
- d. Trade or cash discounts.
- e. Bad debts.
- f. Repossession of items sold on installments (amount actually collected).

3. Exclusions

The following items shall be deducted from gross sales:

- a. Sales or excise taxes which are collected and submitted to a governmental division.
- b. Credits for repossessed merchandise and products returned. Allowances for damaged and spoiled goods.
- c. Finance charges for items sold on installments.
- d. Freight charges on sales if freight is charged as a separate item on customer's invoice.
- e. Royalty income from patent rights or copyrights which are not product sales.
- f. Rental receipts for products liability coverage only.

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMUNICABLE DISEASE EXCLUSION (LIQUOR LIABILITY COVERAGE FORM)

This endorsement modifies insurance provided under the following:

LIQUOR LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2. Exclusions of Section I – Liquor Liability Coverage:

2. Exclusions

This insurance does not apply to:

Communicable Disease

“Bodily injury” or “property damage” arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

SERVICE OF SUIT - CALIFORNIA

Pursuant to any statute of any state, territory or district of the United States which makes provision therefore, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other Officer specified for that purpose in the Statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of you or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the below named as the person to whom the said Officer is authorized to mail such process or a true copy thereof.

The Company may be sued upon any cause of action arising in the State of California upon any policy issued by it, or any evidence of insurance issued or delivered by a surplus lines broker, pursuant to the procedures of Sections 1610 to 1620 of the Insurance Code. Nothing herein shall constitute a selection or designation of forum, or a waiver of any of our rights to select a forum or court, including any of the federal courts of the United States. This includes any right to commence an action in or remove or transfer an action to the United States District Court or any other court of competent jurisdiction, as permitted by law.

It is further agreed that service of process in such suit may be made upon Vivian Imperial, in care of CT Corporation System, 818 West Seventh St., Suite 930, Los Angeles, CA 90017 and that in any suit instituted against the Company upon this policy, it will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

Exhibit 4

IMPORTANT NOTICE:

- 1. The insurance policy that you are applying to purchase is being issued by an insurer that is not licensed by the State of California. These companies are called “nonadmitted” or “surplus line” insurers.**
- 2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.**
- 3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.**
- 4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or “surplus line” broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC’s internet website at www.naic.org. The NAIC—the National Association of Insurance Commissioners—is the regulatory support organization created and governed by the chief insurance regulators in the United States.**
- 5. Foreign insurers should be licensed by a state in the United States and you may contact that state’s department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.**

6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on the NAIC's International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or "surplus line" broker to obtain more information about that insurer.

7. California maintains a "List of Approved Surplus Line Insurers (LASLI)." Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance: www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm.

8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker's fee charged for this insurance will be returned to you.

D-2 (Effective January 1, 2020)

ADMIRAL INSURANCE COMPANY
A Delaware Corporation

COMMERCIAL LINES POLICY

THIS POLICY IS NOT OBTAINED PRIMARILY FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES.

THIS POLICY CONSISTS OF:

Declarations;

Common Policy Conditions; and

One or more Coverage Parts. A Coverage Part Consists of:

- One or more Coverage Forms; and
- Applicable Forms and Endorsements.

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.



W. Robert Berkley, Jr.
President



Philip S. Welt
Secretary

Administrative Office: 7233 E. Butcherus Drive, Scottsdale, AZ 85260 (480) 509-6627

Policy Issuing Office: 1000 Howard Blvd., Suite 300, P.O. Box 5430, Mount Laurel, NJ 08054
Telephone (856) 429-9200 Facsimile (856)429-8611

Policy Number:

AI 80 00 09 20

Effective Date: 04/15/2021



Carrier: Admiral Insurance Company

Named Insured: RABBIT RIDGE WINE SALES, INC.

IMPORTANT – POLICYHOLDER NOTICES

Form Intentionally Left Blank

Policy Number: GX000004267-01

EX 51 12 12 19

Effective Date: 04/15/2021

IMPORTANT NOTICE:

- 1. The insurance policy that you have purchased is being issued by an insurer that is not licensed by the State of California. These companies are called “nonadmitted” or “surplus line” insurers.**
- 2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.**
- 3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.**
- 4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or “surplus line” broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC’s internet website at www.naic.org. The NAIC—the National Association of Insurance Commissioners—is the regulatory support organization created and governed by the chief insurance regulators in the United States.**
- 5. Foreign insurers should be licensed by a state in the United States and you may contact that state’s department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.**

- 6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on the NAIC's International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or "surplus line" broker to obtain more information about that insurer.**
- 7. California maintains a "List of Approved Surplus Line Insurers (LASLI)." Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance:www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm.**
- 8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker's fee charged for this insurance will be returned to you."**



COMMERCIAL EXCESS LIABILITY POLICY
DECLARATIONS

Carrier: Admiral Insurance Company

Policy No.: **GX000004267-01**

Renewal/Rewrite of:

NEW

Named Insured and Mailing Address

RABBIT RIDGE WINE SALES, INC.
See Named Insured Endorsement AI0876 0203
13217 JAMBOREE ROAD SUITE 429
TUSTIN, CA 92782

POLICY PERIOD: From 04/15/2021 to 04/15/2022 At 12:01 A.M. Standard Time at the address of the Named Insured as stated herein

In return for the payment of the premium and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

THE NAMED INSURED IS: Individual; Partnership; Corporation; Joint Venture; LLC; Other

AUDIT PERIOD: Annual Semi-Annual Quarterly Monthly Not Applicable

LIMITS OF INSURANCE:

Each Loss Event Limit: \$5,000,000

Policy Aggregate Limit: \$5,000,000

PREMIUM:

Advance Premium: \$8,701.00

Terrorism Premium: \$0.00

Total Premium: \$8,701.00

MINIMUM RETAINED PREMIUM:

CA Surplus Lines Tax & Fee Breakdown

Company to retain no less than 25% of the Total Premium if the Insured cancels

Premium: \$ 8,701.00

FORMS AND ENDORSEMENTS MADE A PART OF THIS POLICY AT INCEPTION:

See Schedule of Forms AI 00 18 03 98

Company Fee: \$

Inspection Fee: \$

3% State Tax: \$ 261.03

.250% Stamping Fee: \$ 21.75

Broker Fee: \$ 350.00

This policy is not binding unless countersigned by Admiral Insurance Company or its Authorized Representative.

Countersigned On: 05/13/2021

At: Seattle, WA

By: 
Authorized Representative

COMMERCIAL EXCESS LIABILITYCarrier: **Admiral Insurance Company**Policy No.: **GX000004267-01****SCHEDULE OF CONTROLLING UNDERLYING INSURANCE****Commercial General Liability**

Company ADMIRAL INSURANCE COMPANY

Minimum Applicable Limits of Insurance

General Aggregate	\$ 2,000,000
(Other Than Products-Completed Operations Aggregate)	
Products-Completed Operations Aggregate	\$ 2,000,000
Each Occurrence	\$ 1,000,000
Personal And Advertising Injury	\$ 1,000,000

Commercial Auto Liability

Company NATIONWIDE MUTUAL INSURANCE COMPANY

Minimum Applicable Limits of Insurance

Any One Accident	\$ 1,000,000
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Employers' Liability

Company ZNAT INSURANCE COMPANY

Minimum Applicable Limits of Insurance

Bodily Injury By Accident	\$ 1,000,000	Each Accident
Bodily Injury By Disease	\$ 1,000,000	Each Employee
Bodily Injury By Disease	\$ 1,000,000	Policy Limit

This insurance does not apply to "injury or damage" caused by a "loss event" covered under Employer's Liability "controlling underlying insurance" in any jurisdiction where such insurance is or is required to be unlimited

Liquor Liability

Company ADMIRAL INSURANCE COMPANY

Minimum Applicable Limits of Insurance

\$ 1,000,000	Each Common Cause
\$ 2,000,000	Aggregate Limit

Employee Benefits Liability

Company ADMIRAL INSURANCE COMPANY

Minimum Applicable Limits of Insurance

\$ 1,000,000	Each Claim
\$ 2,000,000	Aggregate Limit

SCHEDULE OF FORMS

Named Insured: RABBIT RIDGE WINE SALES, INC.

Policy No.: GX000004267-01

FORM NUMBER	TITLE
JX46220720	COVER JACKET ADMIRAL EXCESS
EX51121219	CALIFORNIA DISCLOSURE NOTICE
DE20270820	EXCESS LIABILITY POLICY DECLARATIONS
DE20280820	EXCESS SCHEDULE OF "UNDERLYING INSURANCE"
EX51270920	CLAIM REPORTING NOTICE ADDRESS INFORMATION
AI00180398	SCHEDULE OF FORMS
EX46410416	COMMERCIAL EXCESS LIABILITY COVERAGE FORM
EX47380810	EXCLUSION - ASSAULT & BATTERY
EX50460115	CONDITIONAL EXCLUSION OF TERRORISM RELATED TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT
EX51260420	COMMUNICABLE DISEASE EXCLUSION
AI08760220	NAMED INSUREND ENDORSEMENT
EX51050919	SERVICE OF SUIT - CALIFORNIA

Policy Number: GX000004267-01

EX 51 27 09 20

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CLAIM REPORTING NOTICE ADDRESS INFORMATION

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE FORM

It is agreed that the following is hereby added to SECTION III – CONDITIONS paragraph 5. Duties In The Event Of Occurrence, Claim Or Suit:

e. You and any other involved insured must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. Notice must be given to:

Admiral Insurance Group, a Berkley Company
Attention: Claims Department,
Mt. Laurel Corporate Park,
1000 Howard Blvd., Suite 300,
P.O. Box 5430,
Mount Laurel, NJ 08054

Or E-mail to: admclaims@admiralins.com

COMMERCIAL EXCESS LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the "Named Insured" shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

The first "Named Insured" is the person or organization first named in the Declarations and is responsible for the payment of all premiums. The first "Named Insured" will act on behalf of all other "Named Insureds" for giving and receiving notices of cancellation and for receiving any return premium that may become payable.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **IV** - Definitions and relevant references in the text of this policy.

Other words and phrases that are not defined under this policy but defined in the "controlling underlying insurance" will have the meaning described in the policy of "controlling underlying insurance".

SECTION I - EXCESS LIABILITY COVERAGE

1. Insuring Agreement

- a. We will pay on behalf of the "insured" the "ultimate net loss" in excess of the "controlling underlying insurance limit" because of "injury or damage" caused by a "loss event" to which this insurance applies, provided the applicable limits of "controlling underlying insurance", as shown in the Schedule Of Controlling Underlying Insurance, have been exhausted by payment of judgments, settlements and, if applicable, costs or expenses.
- b. The amount we will pay for the "ultimate net loss" is limited as described in Section **II** - Limits of Insurance.
- c. This insurance applies to "injury or damage" that is subject to a limit of applicable "controlling underlying insurance" that is specified in the Schedule Of Controlling Underlying Insurance. If any other limit, such as a sublimit, is specified in the "controlling underlying insurance", this insurance does not apply to "injury or damage" arising out of that exposure unless that limit is specified in the Schedule Of Controlling Underlying Insurance.
- d. If the "controlling underlying insurance" requires, for a particular claim, that the "injury or damage" occur during its policy period in order for that coverage to apply, then this insurance will only apply to that "injury or damage" if it occurs during the policy period of this policy. If the "controlling underlying insurance" requires that the "loss event" causing the particular "injury or damage" take place during its policy period in order for that coverage to apply, then this insurance will apply to the claim only if the "loss event" causing that "injury or damage" takes place during the policy period of this policy.
- e. The insurance provided under this policy will follow the same provisions, exclusions and limitations that are contained in the applicable "controlling underlying insurance", unless otherwise directed by this insurance. To the extent such provisions differ or conflict, the provisions of this policy will apply. However, the coverage provided under this policy will not be broader than that provided by the applicable "controlling underlying insurance".
- f. In the event that the Schedule Of Controlling Underlying Insurance identifies more than one policy of "controlling underlying insurance", the provisions, exclusions and limitations of the "controlling underlying insurance" applicable to the particular "loss event" for which a claim is made or "suit" is brought will apply to the extent not contradicted by the provisions of this policy.

2. Insuring Agreement - Defense

- a. We will have no duty to investigate or defend any claim or "suit". We will have the right and be given the opportunity to associate with any "insured" or "controlling underlying insurer" in the investigation, settlement or defense of any claim or "suit" that may involve this insurance.
- b. At our discretion, we may investigate and settle any claim or "suit".
- c. If we exercise our rights as described in Paragraphs **2.a.** and **2.b.** above, we will pay, with respect to any claim we investigate or settle, or any "suit" against an "insured" we defend, the following costs or expenses:

- (1) All expenses we incur, including but not limited to attorney fees;
- (2) The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds;
- (3) All reasonable expenses incurred by the "insured" at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work;
- (4) All costs taxed against the "insured" in the "suit";
- (5) Prejudgment interest awarded against the "insured" on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer; and
- (6) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the Each Loss Event Limit or Policy Aggregate Limit shown in the Declarations unless the policy of "controlling underlying insurance" specifies that its "controlling underlying insurance limit" is reduced by costs or expenses.

- d. If we exercise our rights as described in Paragraphs 2.a. and 2.b. above, we are under no obligation to continue any investigation, settlement or associated defense when the "controlling underlying insurance limit" has been exhausted, or if on such exhaustion we continue any investigation, settlement or associated defense, when we have used up the applicable Each Loss Event Limit or Policy Aggregate Limit shown in the Declarations in the payment of judgments, settlements and, if applicable, costs or expenses.
- e. When our limits of insurance have been exhausted, any defense provided by us under Paragraphs 2.a. and/or 2.d. will cease.

3. Exclusions

The following exclusions, and any other exclusions added by endorsement, apply to this policy. In addition, the exclusions applicable to any "controlling underlying insurance" apply to this insurance unless superseded by the following exclusions, or superseded by any other exclusions added by endorsement to this policy.

This insurance does not apply to:

a. Auto

Any loss, cost or expense payable under or resulting from any of the following auto coverages:

- (1) First-party physical damage coverage;
- (2) No-fault coverage;
- (3) Personal injury protection or auto medical payments coverage; or
- (4) Uninsured or underinsured motorists coverage.

b. Employers Liability

"Injury or damage" caused by a "loss event" covered under Employer's Liability "controlling underlying insurance" in any jurisdiction where such insurance is or is required to be unlimited.

c. Medical Payments

Medical payments coverage or expenses that are provided without regard to fault, whether or not provided by the applicable "controlling underlying insurance".

d. Pollution

- (1) "Injury or damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time.

- (2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants; or
- (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, pollutants.

This exclusion only applies when this policy is excess to a policy issued by an insurer other than us.

This exclusion does not apply to the extent that the applicable "controlling underlying insurance" for the pollution liability risks described in Paragraphs (1) and (2) above exist or would have

existed but for the exhaustion of the limit of such “controlling underlying insurance” for “injury or damage”.

e. Workers' Compensation And Similar Laws

Any obligation of any insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

SECTION II – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations, and the rules below fix the most we will pay regardless of the number of:
 - a. “Insureds”;
 - b. Claims made or “suits” brought, or number of vehicles involved;
 - c. Persons or organizations making claims or bringing “suits”; or
 - d. Limits available under any “controlling underlying insurance”.
2. The Limits of Insurance of this policy will apply as follows:
 - a. This insurance only applies in excess of the “controlling underlying insurance limit”.
 - b. The Policy Aggregate Limit is the most we will pay for the sum of all “ultimate net loss” for all “injury or damage” covered under this insurance. However, this Policy Aggregate Limit only applies to “injury or damage” that is subject to an aggregate limit of insurance under the “controlling underlying insurance” applicable to the particular “loss event” for which a claim is made or “suit” is brought.
 - c. Subject to Paragraph 2.b. above, the Each Loss Event Limit is the most we will pay for the sum of all “ultimate net loss” under this insurance because of all “injury or damage” arising out of any one “loss event”.
 - d. If the Limits of Insurance of the “controlling underlying insurance” are reduced by costs or expenses by the terms of that policy, any payments for costs or expenses we make will reduce our applicable Limits of Insurance in the same manner.
3. If any “controlling underlying insurance” has a policy period that is different from the policy period of this policy then, for the purposes of this insurance, the “controlling underlying insurance limit” will only be reduced or exhausted by payments made for “injury or damage” covered under this insurance.

The Policy Aggregate Limit described in Paragraph 2. above applies to the policy period shown in the Declarations. Any extension of the policy period will be deemed part of the policy period that is being extended and therefore subject to the Policy Aggregate Limit.

SECTION III – CONDITIONS

The following conditions apply. In addition, the conditions applicable to any “controlling underlying insurance” are also applicable to the coverage provided under this insurance unless superseded by the following conditions.

1. Appeals

If the “controlling underlying insurer” or “insured” elects not to appeal a judgment in excess of the applicable “controlling underlying insurance limit”, we may do so at our own expense. We will be liable for taxable costs, pre- and post-judgment interest and disbursements. In no event will this provision increase our liability beyond the applicable Limits of Insurance described in Section II - Limits of Insurance.

2. Bankruptcy

a. Bankruptcy Of Insured

Bankruptcy or insolvency of the “insured” or of the “insured’s” estate will not relieve us of our obligations under this policy.

b. Bankruptcy Of Underlying Insurer

Bankruptcy of the “controlling underlying insurer” will not relieve us of our obligations under this policy.

However, this insurance will not replace the “controlling underlying insurance” in the event of bankruptcy or insolvency of the “controlling underlying insurer”. This insurance will apply as if the “controlling underlying insurance” were in full effect.

3. Cancellation

- a. The first “Named Insured” shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this policy by mailing or delivering to the first “Named Insured” written notice of cancellation at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- c. We will mail or deliver our notice to the first "Named Insured's" last mailing address known to us.
- d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- e. If this policy is cancelled, we will send the first "Named Insured" any premium refund due. If we cancel, the refund will be pro rata. If the first "Named Insured" cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

4. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first "Named Insured" shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

5. Duties In The Event Of A Loss Event, Claim Or Suit

- a. You must see to it that we are notified in writing as soon as practicable of any "loss event", regardless of the amount, which may reasonably be expected to result in a claim under this policy. To the extent possible, notice should include:
 - (1) How, when and where the "loss event" took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any "injury or damage" arising out of the "loss event".
- b. If a claim is made or "suit" is brought against any "insured", you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us in writing as soon as practicable. You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved "insured" must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;

- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the "insured" because of "injury or damage" to which this insurance may also apply.
- d. No "insured" will, except at that "insured's" own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

6. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

7. Inspections And Surveys

- a. We have the right to:
 - (1) Make inspections and surveys at any time;
 - (2) Give you reports on the conditions we find; and
 - (3) Recommend changes.
- b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. We do not warrant that conditions:
 - (1) Are safe or healthful; or
 - (2) Comply with laws, regulations, codes or standards.

Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations on our behalf.

8. Legal Action Against Us

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an "insured"; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an “insured”, but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the “insured” and the claimant or the claimant's legal representative.

9. Other Insurance

- a. This insurance is excess over, and shall not contribute with any other insurance, whether primary, excess, contingent or on any other basis. This condition will not apply to insurance specifically written as excess over this policy.
- b. When this insurance is excess over other insurance, we will pay only our share of the “ultimate net loss” that exceeds the sum of:
 - (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
 - (2) The total of all deductible and self-insured amounts under all that other insurance.

10. Premium Audit

- a. We will compute all premiums for this policy in accordance with our rules and rates.
- b. If this policy is auditable, the premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first “Named Insured”. The due date for audit premiums is the date shown as the due date on the bill.
- c. The first “Named Insured” must keep records of the information we need for premium computation and send us copies at such times as we may request.

11. Representations Or Fraud

By accepting this policy, you agree, represent and warrant that:

- a. The statements in the Declarations are accurate and complete;
- b. The statements and information contained in the application for insurance and any supplementary information are true and correct and that no facts have been suppressed or misstated;
- c. This policy is being issued in full reliance upon the statements and representations made in the application and any supplementary information;
- d. The application and any supplementary information are incorporated and made part of this policy by reference; and

- e. This policy is void in any case of fraud and/or misrepresentation by you as it relates to this policy or any claim under this policy.

12. Separation Of Insureds

Except with respect to the Limits of Insurance and any rights or duties specifically assigned in this policy to the first “Named Insured”, this insurance applies:

- a. As if each “Named Insured” were the only “Named Insured”; and
- b. Separately to each “insured” against whom claim is made or “suit” is brought.

However, nothing in this condition renders this policy applicable to any “insured” where the policy is otherwise void due to fraud or misrepresentations made by that “insured” or any other “insured”.

13. Transfer Of Rights Of Recovery Against Others To Us

If the “insured” has rights to recover all or part of any payment we have made under this policy those rights are transferred to us. The “insured” must do nothing after loss to impair them. At our request, the “insured” will bring “suit” or transfer those rights to us and help us enforce them.

14. Transfer Of Rights And Duties Under This Policy

The rights and duties of any “insured” under this policy may not be transferred without our written consent, except in the case of death of an individual named “insured”.

If any “insured” dies, that “insured’s” rights and duties will be transferred to that “insured’s” legal representative, but only while acting within the scope of duties as that “insured’s” legal representative. Until that “insured’s” legal representative is appointed, anyone having proper temporary custody of that “insured’s” property will have that “insured’s” rights and duties but only with respect to that property.

15. No Duty To Notify If We Do Not Renew

If we decide not to renew this policy, we are under no obligation to mail or deliver notice of the nonrenewal to any “insured” or others.

16. Loss Payable

Liability under this policy does not apply to a given claim unless and until:

- a. The “insured” or “insured’s” “controlling underlying insurer” has become obligated to pay the “controlling underlying insurance limit”; and

- b.** The obligation of the “insured” to pay the “ultimate net loss” in excess of the “controlling underlying insurance limit” has been determined by a final settlement or judgment or written agreement among the “insured”, claimant, “controlling underlying insurer” (or a representative of one or more of these) and us.

17. Maintenance Of Underlying Insurance

You must maintain the “controlling underlying insurance” affording in total the coverage and limits as stated in the Schedule Of Controlling Underlying Insurance in full force and effect during the policy period shown in the Declarations of this policy, except for reduction of aggregate limits, where applicable, solely as a result of the payment of claims, settlement or judgments for “loss events” which:

- a.** Take place during the policy period of this policy; and
- b.** Are for “injury or damage”, costs or expenses covered by this policy.

You must notify us in writing within thirty days if any company cancels, non-renews, replaces or otherwise terminates or changes any terms or conditions of any of the “controlling underlying insurance”. You must notify us immediately of the exhaustion of any aggregate limits of the “controlling underlying insurance”.

Your failure to comply with the foregoing will not invalidate this policy, but in the event of such failure we will be liable only to the extent that we would have been liable had you complied herewith.

SECTION IV – DEFINITIONS

The definitions applicable to any “controlling underlying insurance” also apply to this insurance. In addition, the following definitions apply.

- 1.** “Controlling underlying insurance” means any policy of insurance or self-insurance listed in the Schedule Of Controlling Underlying Insurance that applies to the particular “loss event” for which a claim is made or “suit” is brought.
- 2.** “Controlling underlying insurance limit” means the sum of amounts applicable to any claim or “suit” from:
 - a.** “Controlling underlying insurance”, whether such “controlling underlying insurance” is collectible or not;

- b.** Any other insurance, whether primary, excess, contingent or on any other basis, except such insurance as is specifically purchased to apply in excess of this policy's Limits of Insurance; and
- c.** Any applicable self-insured retention or deductible

- 3.** “Controlling underlying insurer” means any insurer who provides any policy or coverages of “controlling underlying insurance”.
- 4.** “Injury or damage” means any injury or damage covered by the applicable “controlling underlying insurance” arising from a “loss event”.
- 5.** “Insured” means any person or organization qualifying as such under the “controlling underlying insurance”.
- 6.** “Loss event” means an occurrence, offense, accident, act, or other event, to which the applicable “controlling underlying insurance” applies.
- 7.** “Named Insured” means the entity(ies) or individual(s) named in the Declarations.
- 8.** “Suit” means a civil proceeding in which damages because of a “loss event” to which this insurance applies are alleged. “Suit” includes:
 - a.** An arbitration proceeding in which such damages are claimed and to which the “insured” must submit or does submit with our consent; or
 - b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which the “insured” submits with our consent or the “controlling underlying insurer’s” consent.
- 9.** “Ultimate net loss” means the total sum, after reduction for recoveries, or salvages collectible, that the “insured” becomes legally obligated to pay as damages by reason of:
 - a.** Settlements, judgments, binding arbitration; or
 - b.** Other binding alternate dispute resolution proceeding entered into with our consent.

“Ultimate net loss” includes costs and expenses if the “controlling underlying insurance” specifies that limits are reduced by costs or expenses.

Policy Number: GX000004267-01

EX 47 38 08 10

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

ASSAULT OR BATTERY EXCLUSION (ABSOLUTE)

This endorsement modifies insurance provided under the following:

EXCESS LIABILITY POLICY

- A.** This insurance does not apply to injury or damage of any kind, including costs or expenses, caused by a "loss event", arising out of, caused by or related to:
 - 1. The actual, alleged or threatened assault or battery by anyone of any person while on or adjacent to the premises of any insured; or
 - 2. The actual, alleged or threatened assault or battery by anyone of any person if in any way connected with the operations of any insured; or
 - 3. The negligent employment, negligent investigation, negligent supervision, negligent reporting to the proper authorities or failure to so report, negligent retention or negligent hiring by any insured or any person or entity for whom any insured is or ever was legally responsible in claims alleging actual, alleged or threatened assault or battery by anyone of any person; or
 - 4. The failure of any insured or any person or entity for whom any insured is or ever was legally responsible to prevent, suppress, mitigate or respond to actual, alleged or threatened assault or battery by anyone of any person; or
- 5.** The failure of any insured or any person or entity for whom any insured is or ever was legally responsible to provide an environment safe from assault or battery, or to warn of the dangers of the environment which could lead to or contribute to assault or battery; or
- 6.** False arrest, detention or imprisonment arising out of assault or battery; or
- 7.** Malicious prosecution arising out of assault or battery; or
- 8.** The wrongful eviction from, wrong entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor, arising out of assault or battery; or
- 9.** The assumption of liability by any insured in any contract or agreement if the claim arises out of Paragraphs **1** through **8** above.

B. We shall have no duty to investigate, defend, or indemnify any insured or indemnitee against any loss, claim, "suit" or other proceeding alleging injury or damage of any kind to which this endorsement applies.

Policy Number: GX000004267-01

EX 50 46 01 15

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDITIONAL EXCLUSION OF TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

EXCESS LIABILITY POLICY

Any endorsement addressing acts of terrorism (however defined) in any "controlling underlying insurance" does not apply to this excess insurance. The following provisions addressing acts of terrorism apply with respect to this excess insurance.

A. Applicability Of The Provisions Of This Endorsement

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.
 - a. The federal Terrorism Risk Insurance Program("Program"), established by the Terrorism Risk Insurance Act, has terminated with respect to the type of insurance provided under this Coverage Part; or
 - b. A renewal, extension or replacement of the Program has become effective without a requirement to make terrorism coverage available to you and with revisions that:
 - (1) Increase our statutory percentage deductible under the Program for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or
 - (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or
 - (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this policy.
2. If the provisions of this endorsement become applicable, such provisions:
 - a. Supersede any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism" and/or "other acts of terrorism", but only with respect to an incident(s) of terrorism(however defined) which results in injury or damage that occurs on or after the date when the provisions of this endorsement become applicable (for claims-made policies, such an endorsement is superseded only with respect to an incident of terrorism (however defined) that results in a claim for injury or damage first being made on or after the date when the provisions of this endorsement become applicable); and
 - b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.
3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism" and/or "other acts of terrorism", will continue in effect unless we notify you of changes to that endorsement in response to federal law.

B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks:

"Terrorism" means activities against persons, organizations or property of any nature:

1. That involve the following or preparation for the following:
 - a. Use or threat of force or violence; or

- b. Commission or threat of a dangerous act; or
 - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information or mechanical system; and
- 2. When one or both of the following applies:
 - a. The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
 - b. It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

C. The following exclusion is added:

Exclusion Of Terrorism

We will not pay for "injury or damage" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Injury or damage" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

- 1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
- 2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
- 3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- 4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
- 5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
- 6. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraph C.5. or C.6. are exceeded.

With respect to this exclusion, Paragraphs C.5. and C.6. describe the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this exclusion will apply to that incident. When the exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Part.

In the event of any incident of "terrorism" that is not subject to this exclusion, coverage does not apply to "injury or damage" that is otherwise excluded under this Coverage Part.

Policy Number: GX000004267-01

EX 51 26 04 20

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMUNICABLE DISEASE EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE FORM

The following exclusion is added to Paragraph **3. Exclusions**:

3. Exclusions

This insurance does not apply to:

Communicable Disease

“Injury or damage” arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a.** Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b.** Testing for a communicable disease;
- c.** Failure to prevent the spread of the disease; or
- d.** Failure to report the disease to authorities.

Policy Number: GX000004267-01

AI 08 76 02 20

Effective Date: 04/15/2021

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NAMED INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL EXCESS LIABILITY COVERAGE FORM

It is agreed the Named Insured as shown on the Excess Liability Policy Declarations is as follows:

RABBIT RIDGE WINE SALES, INC. DBA: RABBIT RIDGE WINERY

NORTHERN HOLDING, LLC

SERRANO WINES, INC.

RUSSELL FAMILY VINEYARD DBA: THE RABBIT HOLE

JOANNE RUSSELL DBA: OLIVE DIVA

Policy Number: GX000004267-01

EX 51 05 09 19

Effective Date: 04/15/2021

SERVICE OF SUIT - CALIFORNIA

Pursuant to any statute of any state, territory or district of the United States which makes provision therefore, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other Officer specified for that purpose in the Statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of you or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the below named as the person to whom the said Officer is authorized to mail such process or a true copy thereof.

The Company may be sued upon any cause of action arising in the State of California upon any policy issued by it, or any evidence of insurance issued or delivered by a surplus lines broker, pursuant to the procedures of Sections 1610 to 1620 of the Insurance Code. Nothing herein shall constitute a selection or designation of forum, or a waiver of any of our rights to select a forum or court, including any of the federal courts of the United States. This includes any right to commence an action in or remove or transfer an action to the United States District Court or any other court of competent jurisdiction, as permitted by law.

It is further agreed that service of process in such suit may be made upon Vivian Imperial, in care of CT Corporation System, 818 West Seventh St., Suite 930, Los Angeles, CA 90017 and that in any suit instituted against the Company upon this policy, it will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

Exhibit 5



150 North Field Drive, Suite 190

Lake Forest, Illinois 60045

Phone 877-226-5456 Fax: 877-226-5297

Quote Number: 2171879.1

**COMMERCIAL INSURANCE PREMIUM
FINANCE AND SECURITY AGREEMENT**

THIS COMMERCIAL INSURANCE PREMIUM FINANCE AND SECURITY AGREEMENT (this "Agreement") is between Insured named below as borrower and BankDirect Capital Finance, a division of Texas Capital Bank, N.A. ("BankDirect") as lender, concerning the financing of the premium(s) for one or more commercial insurance policies listed in the Schedule of Policies below (the "Loan"). The terms of this Agreement are stated below and on all subsequent pages of this document.

Insured / Borrower ("Insured") Name & Business Address (as stated in Policy)

Rabbit Ridge Wine Sales, Inc.
13217 Jamboree Rd.
Tustin, CA 92782

Telephone Number: 952-220-8216 Taxpayer ID #: XXXXX7640

Insured's Agent or Broker ("Agent") Name & Business Address

Adler Belmont Dye Insurance Services, Inc.
369 Marsh Street
Ste 200
San Luis Obispo, CA 93401

Telephone Number: 805-540-3900 Agency Code: 18419

SCHEDULE OF POLICIES (each, a "Policy")

Policy Prefix and Number	Effective Date of Policy MM/DD/YY	Name & City of Insurance Company and Name & City of General or Policy Issuing Agent or Company Office	Type of Coverage	Policy Subject to Audit (✓)	Policy Term in Months Covered	Min Earned Prem %	Days to Cancel	Short Rate (✓)	Premium Amounts
CA0000415 6801	4/15/2021	Admiral Insurance Company Worldwide Facilities LLC - Los Angeles 725 S Figueroa St 19th Floor Los Angeles, CA 90017	GENERAL LIABILITY		12	25%	10		Premium: \$8,635.00 Policy Fee: \$0.00 Broker Fee: \$350.00 Tax/Stamp: \$280.64 Inspection: \$0.00

Additional Policies are listed on the attached Schedule of Policies

TOTAL PREMIUMS

\$143,378.05

TOTAL PREMIUMS	DOWN PAYMENT	UNPAID PREMIUM BALANCE	FLORIDA DOC STAMP TAX Applicable in Florida only	AMOUNT FINANCED Amount of Loan provided to or on behalf of Insured	FINANCE CHARGE The dollar amount of interest the Loan will cost over the term of the Loan	TOTAL OF PAYMENTS Amount of interest and principal which will have been paid on the Loan after making all scheduled Loan payments	ANNUAL PERCENTAGE INTEREST RATE The cost of interest on the Loan as a yearly percentage rate.
\$143,378.05	\$52,067.32	\$91,310.73	\$0.00	\$91,310.73	\$2,529.87	\$93,840.60	6%

Payment Schedule: The Loan payment schedule will be:	Number of Loan Payments	Amount of Each Loan Payment*	When Loan Payments are Due ("Due Dates")		
			First Due Date	Subsequent Monthly Due Dates**	
	10	\$9,384.06	5/15/2021	15th	

*Non-payment of the Loan may result in cancellation of any Policy. **Subsequent payments are due on the same day of each succeeding period until paid in full.

Prepayment: Insured may prepay the outstanding principal balance of the Loan in full at any time. If Insured prepays the Loan in full, Insured will receive a refund of the unearned finance charge, calculated according to the Rule of 78's or the actuarial method as provided by applicable law. Minimum refund is \$1.

Security Interest: Insured assigns and grants a security interest to BankDirect as security for payment of all amounts payable under this Agreement, in all of Insured's right, title and interest in and to each Policy and all amounts which are or may become payable to Insured under or with reference to the Policies including, among other things, any gross unearned premiums, dividend payments, and all payments on account of loss which results in reduction of any unearned premium in accordance with the term(s) of said Policies.

IMPORTANT INFORMATION ABOUT YOUR LOAN: To help the Federal government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies the Insured. We will require such information as we deem reasonably necessary to allow us to properly identify you, such as your name, address and Taxpayer ID # (TIN).

1. DO NOT SIGN THIS AGREEMENT UNTIL YOU READ ALL PAGES OF THE AGREEMENT AND FILL IN ANY BLANK SPACES. 2. YOU ARE ENTITLED TO A NOTICE TO COMPLETELY FILLED IN COPY OF THIS AGREEMENT. 3. YOU UNDERSTAND AND HAVE RECEIVED A COPY OF THIS AGREEMENT, KEEP IT TO PROTECT YOUR INSURED: LEGAL RIGHTS. 4. UNDER THE LAW, YOU HAVE THE RIGHT TO PAY OFF IN ADVANCE THE FULL AMOUNT DUE AND UNDER CERTAIN CONDITIONS TO OBTAIN A PARTIAL REFUND OF THE FINANCE CHARGE. 5. SEE ADDITIONAL PAGES FOR IMPORTANT INFORMATION.

REPRESENTATIONS AND WARRANTIES:

The undersigned Agent and Insured have read the Representations and Warranties on page two of this document, make all such representations and warranties and understand that BankDirect will rely on all such representations and warranties in determining whether or not to accept this Agreement, and agree to be bound by the terms of this Agreement. Insured further acknowledges that upon satisfactory completion of the Agreement, the undersigned Agent will receive from BankDirect \$847.50 for the origination and administration of this Agreement.

Delinquency Charge: Insured agrees to pay a delinquency charge to BankDirect on any payment required to be made by Insured hereunder which is not received by BankDirect within five (5) days of its due date, unless a longer period is specified under applicable law, in which case the delinquency charge will be imposed on any payment not received by BankDirect within this longer period. The delinquency charge will be the lesser of: (1) 5% of the overdue amount; or (2) the maximum delinquency charge allowed by applicable law.

Service Fee: The amounts and rates referenced on this page do not include the service fee referred to on page two of this document.

Cancellation Charge: If a default results in cancellation of a Policy, Insured agrees to pay a cancellation charge of \$25 or the maximum amount permitted by applicable law.

All Insureds must sign as named in Policies. If corporation, authorized officers must sign; if partnership, partner must sign as such; signatory acting in representative capacity represents that has authorized this transaction and has authorized signatory to receive all notices hereunder. By signing below Insured agrees to make all payments required by this Agreement and to be bound by all provisions of this Agreement, including those on page two. Insured is not required to enter into an insurance premium financing arrangement as a condition to the purchase of any insurance policy.

(Signature of Agent)

(Signature of Insured)

(Title)

(Date)

(Printed Name & Title)

(Date)

BANKDIRECT 3B 040114 -DS

Name of Insured: Rabbit Ridge Wine Sales, Inc.

Insured (jointly and severally if more than one) agrees as follows:

1. Promise to Pay. In consideration of the payment by BankDirect of the Amount Financed, Insured agrees to pay the Down Payment to the insurance company(ies) listed in the Schedule of Policies, and Insured agrees to pay to the order of BankDirect all of the principal amount of the Loan, all interest thereon and all other amounts payable by Insured hereunder in accordance with the Payment Schedule and the other terms of this Agreement.

2. Representations and Warranties. Insured represents and warrants that: (a) the Policies are in full force and effect; (b) the proceeds of the Loan are to be used to purchase insurance for business or commercial purposes; (c) all information provided herein or in connection with this Agreement is true, correct, complete and not misleading; (d) Insured has no indebtedness to the insurer issuing the Policies; (e) Insured is not insolvent nor presently the subject of any insolvency proceeding; and (f) the person signing this Agreement on behalf of Insured is authorized to do so.

3. Power of Attorney. Insured hereby irrevocably appoints BankDirect as Attorney-in-Fact with full power of substitution and full authority upon the occurrence of an Event of Default (defined below) to (i) effect cancellation of the Policies, (ii) receive any unearned premium or other amounts with respect to the Policies assigned as security herein, (iii) sign any check or draft issued therefore in Insured's name and to direct the insurance companies to make said check or draft payable to BankDirect and (iv) sign any other instrument or document in the name of and on behalf of Insured to effectuate the purposes of this Agreement. Insured agrees that this appointment and authority cannot be revoked and is coupled with an interest and will terminate only after Insured's obligations under this Agreement are paid in full. Insured agrees that proof of mailing any notice hereunder constitutes proof of receipt of such notice.

4. Payments Received after Notice of Cancellation. Insured agrees that any payments made and accepted after a Notice of Cancellation has been sent to any insurance company do not constitute reinstatement or obligate BankDirect to request reinstatement of such insurance Policy(ies), and Insured acknowledges that BankDirect has no authority or duty to reinstate coverage, and that such payments may be applied to Insured's obligations hereunder or under any other agreement with BankDirect, and any such payments will not affect BankDirect's rights or remedies under this Agreement.

5. Assignments. Insured agrees not to assign any rights, interests or obligations under any Policy or this Agreement without the prior written consent of BankDirect, except that BankDirect's consent is not required for the rights or interests of mortgagees and loss payees. BankDirect may assign its rights and interests under this Agreement without Insured's consent, and all rights and interests conferred upon BankDirect under this Agreement shall inure to BankDirect's successors and assigns.

6. Insufficient Funds (NSF) Fees. If an Insured's check or electronic funding is dishonored for any reason, Insured agrees to pay BankDirect a fee equal to \$25 or the maximum amount permitted by applicable law.

7. Default. An Event of Default occurs when: (a) Insured does not pay any installment according to the terms of this Agreement or any other agreement; (b) Insured fails to comply with any of the terms of the Agreement; (c) any of the Policies are cancelled for any reason; (d) Insured or its insurance companies are insolvent or involved in a bankruptcy or similar proceeding as a debtor; (e) premiums increase under any of the Policies and Insured fails to pay such increased premiums within thirty (30) days of the notification; or (f) Insured is in default under any other agreement with BankDirect.

8. Rights Upon Default. If an Event of Default occurs, BankDirect may at its option pursue any and all rights and remedies available, including but not limited to, the following: demand and receive immediate payment of the Loan and any other unpaid amounts due under this Agreement regardless of whether BankDirect has received any refund of unearned premium. BankDirect may take all necessary actions to enforce payment of any unpaid amounts due hereunder. To the extent not prohibited or limited by applicable law, BankDirect is entitled to collection costs and expenses paid or incurred by BankDirect as a result of or in connection with enforcing its rights and remedies under this Agreement and applicable law and to reasonable attorneys' fees if this Agreement is referred to an attorney who is not a salaried employee of BankDirect for collection or enforcement. BankDirect may cancel any or all of the Policies and collect any unearned premiums or other amounts payable under said Policies. Unearned premiums shall be payable to BankDirect only.

9. Right of Offset. BankDirect may offset and deduct from any amounts BankDirect owes to Insured with respect to any Policies financed hereunder, any amounts which Insured owes to BankDirect under this Agreement or any other agreement to the extent permitted by applicable law.

In connection with the Policies scheduled herein, Agent represents and warrants to BankDirect and its successors and assigns that:

7. Down Payment. The down payment and any other payments due from Insured which Agent has agreed to collect, have been collected from Insured.

8. Policies: (a) are all cancelable by standard short-rate or pro-rata tables; (b) are not audit or reporting form policies or policies subject to retrospective rating, unless so indicated on the Schedule of Policies in this Agreement, and if so indicated, the deposit premiums are not less than the anticipated premiums to be earned for the full term of the Policies; (c) upon cancellation by Insured or BankDirect, do not require advance notice of cancellation to any party, other than any notice required to be given by BankDirect; (d) are in full force and effect and the premiums indicated are correct for the term of the Policies; (e) have not been financed on an installment payment plan provided by the insurance company(ies); (f) are all cancelable policies; (g) are written for a term of at least one year; (h) are not for personal, family or household purposes; and (i) have no exceptions other than those indicated and comply with BankDirect's eligibility requirements. All information in this Agreement pertaining to the Policies is complete and correct.

9. Insured: (a) has not paid for the Policies other than as described in this Agreement; (b) has received a copy of this Agreement; and (c) is not the subject of any proceeding in bankruptcy, receivership or insolvency, or if Insured is the subject of such a proceeding, it is noted on the Agreement in the space in which Insured's name and address is placed. All information in this Agreement pertaining to Insured is complete and correct.

10. Miscellaneous. Agent agrees to indemnify and pay BankDirect for and hold BankDirect harmless from and against any losses, costs, damages, fees and expenses (including reasonable attorneys' fees, court costs and collection costs) paid or incurred by BankDirect or its assignee as a result of or in connection with any untrue or misleading representation or warranty made by Agent hereunder, any breach by Agent of this Agreement, any error committed by Agent in completing or failing to complete any portion of this Agreement, or any violation by Agent of any applicable law. Agent shall promptly notify BankDirect of any unpaid increased premiums for the Policies. This Agreement is a valid and enforceable agreement between BankDirect and Agent and there are no defenses to it.

Name of Insured: Rabbit Ridge Wine Sales, Inc. Total Premiums: \$143,378.05

Schedule of Policies

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY MM/DD/YY	NAME & CITY OF INSURANCE COMPANY AND NAME & CITY OF GENERAL AGENT OR COMPANY OFFICE	TYPE OF COVERAGE	POLICIES SUBJECT TO AUDIT (✓)	TERM IN MONTHS COVERED	MIN EARNED PREM	DAYS TO CANCEL	SHORT RATE (✓)	PREMIUM AMOUNTS
GX000004267 01	4/15/2021	Admiral Insurance Company Worldwide Facilities LLC - Los Angeles 725 S Figueroa St 19th Floor Los Angeles, CA 90017	EXCESS LIABILITY		12	25%	10		Premium: \$8,701.00 Policy Fee: \$0.00 Broker Fee: \$350.00 Tax/Stamp: \$282.78 Inspection: \$0.00
CPPE697080 00	4/15/2021	American Empire Surplus Lines Ins Co Worldwide Facilities LLC - Los Angeles 725 S Figueroa St 19th Floor Los Angeles, CA 90017	PROPERTY (COMMERCIAL)		12	35%	10		Premium: \$79,300.00 Policy Fee: \$0.00 Broker Fee: \$800.00 Tax/Stamp: \$2,601.63 Inspection: \$750.00
BME12S0641 97TIL21	4/15/2021	Travelers Property Casualty Co of America Worldwide Facilities LLC - Los Angeles 725 S Figueroa St 19th Floor Los Angeles, CA 90017	MECHANICAL BREAKDOWN PROTECTION		12	25%	10		Premium: \$15,677.00 Policy Fee: \$0.00 Broker Fee: \$0.00 Tax/Stamp: \$0.00 Inspection: \$0.00
SF21CARZ08 7L501	4/15/2021	Navigators Insurance Company Worldwide Facilities LLC - Los Angeles 725 S Figueroa St 19th Floor Los Angeles, CA 90017	STOCK THROUGHPUT		12	100%	10		Premium: \$25,000.00 Policy Fee: \$0.00 Broker Fee: \$650.00 Tax/Stamp: \$0.00 Inspection: \$0.00
									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
									Premium: Policy Fee: Broker Fee: Tax/Stamp: Inspection:
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									PAGE 3 TOTALS \$134,112.41



FUNDING BREAKDOWN BY POLICY

Date: 4/20/2021

Insured Name: Rabbit Ridge Wine Sales, Inc. Quote#: 2171879.1

Producer: Adler Belmont Dye Insurance Services, Inc.

Policy Number	Policy Type	Insurance Co. / General Agent	Down Payment Amount	Funding Amount
CA00004156801	GENERAL LIABILITY	Admiral Insurance Company Worldwide Facilities LLC - Los Angeles	\$3,304.53	\$5,961.11
GX00000426701	EXCESS LIABILITY	Admiral Insurance Company Worldwide Facilities LLC - Los Angeles	\$3,329.78	\$6,004.00
CPPE69708000	PROPERTY	American Empire Surplus Lines Ins Co Worldwide Facilities LLC - Los Angeles	\$30,356.33	\$53,095.30
BME12S064197TIL2 1	MECHANICAL	Travelers Property Casualty Co of America Worldwide Facilities LLC - Los Angeles	\$5,810.58	\$9,866.42
SF21CARZ087L501	STOCK THROUGH	Navigators Insurance Company Worldwide Facilities LLC - Los Angeles	\$9,266.10	\$16,383.90
Totals:			\$52,067.32	\$91,310.73

Please indicate any special instructions:

Please email executed contracts to BankDirect Capital Finance at: pfa@bankdirectcapital.com



ACH Debit Authorization Form

Please complete this document in its entirety and return to your Agent/Broker with your signed Commercial Insurance Premium Finance and Security Agreement (hereinafter "PFA"), or return directly to BankDirect Capital Finance (hereinafter "BankDirect") by scanning and emailing to payments@bankdirectcapital.com or by fax to 877-226-5297 in order to have your payments automatically debited from your below listed account.

Name of Borrower: Rabbit Ridge Wine Sales, Inc.
Address of Borrower: 13217 Jamboree Rd. Tustin, CA 92782
Phone # of Borrower: 952-220-8216
BDCF Quote or Account Number: 2171879.1

Name of Account Holder (Name on Bank Account): _____

Account Type (Please Check One): Checking Savings

Name of Financial Institution: _____

ABA/Routing Number (Must be 9 Digits): _____

Account Number: _____

Email Address of Account Holder: lecoddingiv@icloud.com

PLEASE ATTACH A VOIDED CHECK FOR ACCOUNT VERIFICATION & CONFIRMATION PURPOSES.

It is agreed that you hereby authorize BankDirect to initiate an automatic debit to the financial account indicated (and authorize said financial institution to honor such debit) for any and all installments due under the BankDirect quote or account number listed above. It is further agreed that any additional fees, including but not limited to, late fees, non-sufficient funds fees and cancellations fee, will also be charged and debited from the indicated account should they accrue during the term of the loan. The debited installment amount is subject to change in the event of the financing of an additional premium or the crediting of an endorsement refund to the original PFA which has been processed to your existing account. You further understand, agree and affirm that: (1) the information you have provided above is correct and accurate; (2) you are authorized to enter into this agreement and are the signer on the above account; (3) funds will be available to cover the amount of the existing obligation on the payment due date or the business day prior to the due date should the due date fall on a weekend or holiday; (4) this authorization will remain in full force and effect until either (a) you request termination of this agreement by providing BankDirect written notice of the desire to terminate automatic ACH debit fifteen (15) days prior to desired termination date at the address or email below and/or (b) you receive written notification from BankDirect of termination resulting from the rejection of an ACH debit due to NSF or a closed account. BankDirect reserves the right to remove this ACH Debit Authorization at its sole discretion should an ACH debit be returned as unpaid for any reason, but BankDirect reserves its right to reestablish future ACH debits based on this authorization unless this authorization has been terminated as outlined above; (5) you may authorize changes to the account to be debited in writing and/or authorize the extension of this document to additional BankDirect accounts (an email request is deemed an acceptable notification in writing), and BankDirect is authorized to act on such request, without the necessity of an additional ACH Debit Authorization form.

Authorized & Agreed to by:

BY: _____

Authorized Signatory of Account Holder

Printed Name & Title

Date

BankDirect Capital Finance
150 North Field Drive, Suite 190, Lake Forest, IL 60045-0230
877-226-5456 Phone 877-226-5297 Fax
payments@bankdirectcapital.com

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 870 Roosevelt, Irvine, CA 92620

A true and correct copy of the foregoing document entitled: **CHAPTER 7 TRUSTEE'S OPPOSITION TO MOTION FOR RELIEF FROM STAY FILED BY BANK DIRECT CAPITAL FINANCE; DECLARATION OF RICHARD A. MARSHACK IN SUPPORT** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On August 2, 2021, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL: On August 2, 2021, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

DEBTOR

NORTHERN HOLDING, LLC
ATTN: OFFICER, A MANAGING OR GENERAL AGENT,
OR TO ANY OTHER AGENT AUTHORIZED BY
APPOINTMENT OR LAW TO RECEIVE SERVICE
13217 JAMBOREE RD #429
TUSTIN, CA 92782

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on August 2, 2021, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

VIA PERSONAL DELIVERY: PRESIDING JUDGE'S COPY

HONORABLE MARK S. WALLACE
UNITED STATES BANKRUPTCY COURT, CENTRAL DISTRICT OF CALIFORNIA
RONALD REAGAN FEDERAL BUILDING AND COURTHOUSE
411 WEST FOURTH STREET, SUITE 6135 / COURTROOM 6C
SANTA ANA, CA 92701-4593

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

August 2, 2021	Layla Buchanan	/s/ Layla Buchanan
Date	Printed Name	Signature

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** CONTINUED:

- **ATTORNEY FOR U.S. TRUSTEE (SA):** Nancy S Goldenberg nancy.goldenberg@usdoj.gov
- **ATTORNEY FOR CREDITOR FARM CREDIT WEST, FLCA:** Michael J Gomez mgomez@frandzel.com, dmoore@frandzel.com
- **ATTORNEY FOR TRUSTEE RICHARD A MARSHACK (TR):** D Edward Hays ehays@marshackhays.com, ehays@ecf.courtdrive.com; kfrederick@ecf.courtdrive.com; cmendoza@marshackhays.com; cmendoza@ecf.courtdrive.com
- **ATTORNEY FOR TRUSTEE RICHARD A MARSHACK (TR):** Tinho Mang tmang@marshackhays.com, tmang@ecf.courtdrive.com; kfrederick@ecf.courtdrive.com; cmendoza@ecf.courtdrive.com
- **TRUSTEE RICHARD A MARSHACK (TR):** Richard A Marshack (TR) pkraus@marshackhays.com, rmarshack@iq7technology.com; ecf.alert+Marshack@titlexi.com
- **ATTORNEY FOR INTERESTED PARTY BANK DIRECT CAPITAL FINANCE:** Elissa Miller emiller@sulmeyerlaw.com, emillersk@ecf.inforuptcy.com; ccaldwell@sulmeyerlaw.com
- **ATTORNEY FOR DEBTOR NORTHERN HOLDING LLC:** Roksana D. Moradi-Brovia roksana@rhmfirm.com, matt@rhmfirm.com; janita@rhmfirm.com; susie@rhmfirm.com; max@rhmfirm.com; priscilla@rhmfirm.com; pardis@rhmfirm.com; russ@rhmfirm.com; rebecca@rhmfirm.com; david@rhmfirm.com; sloan@rhmfirm.com
- **ATTORNEY FOR CREDITOR ADLER BELMONT GROUP, INC.:** Paul F Ready tamara@farmerandready.com
- **ATTORNEY FOR DEBTOR NORTHERN HOLDING LLC:** Matthew D. Resnik matt@rhmfirm.com, roksana@rhmfirm.com; janita@rhmfirm.com; susie@rhmfirm.com; max@rhmfirm.com; priscilla@rhmfirm.com; pardis@rhmfirm.com; russ@rhmfirm.com; rebecca@rhmfirm.com; david@rhmfirm.com; sloan@rhmfirm.com
- **UNITED STATES TRUSTEE (SA):** United States Trustee (SA) ustpregion16.sa.ecf@usdoj.gov
- **ATTORNEY FOR CREDITOR FARM CREDIT WEST, FLCA:** Reed S Waddell rwaddell@frandzel.com, sking@frandzel.com
- **ATTORNEY FOR CREDITOR FARM CREDIT WEST, FLCA:** Gerrick Warrington gwarrington@frandzel.com, sking@frandzel.com
- **INTERESTED PARTY COURTESY NEF:** David Wood dwood@marshackhays.com, dwood@ecf.courtdrive.com; lbuchananmh@ecf.courtdrive.com; kfrederick@ecf.courtdrive.com
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